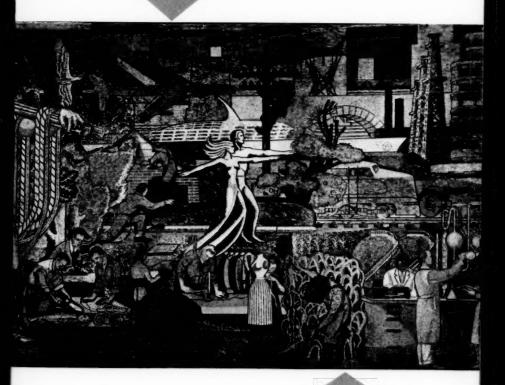
VOL. II

PROCEEDINGS of the

AFL-CIO

4th CONSTITUTIONAL CONVENTION



EXECUTIVE COUNCIL REPORTS

PROCEEDINGS

OF THE

FOURTH CONSTITUTIONAL CONVENTION

OF THE

AFL-CIO

VOLUME II

REPORT

OF THE

EXECUTIVE COUNCIL

MIAMI BEACH, FLORIDA

DECEMBER 7-13, 1961

AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS

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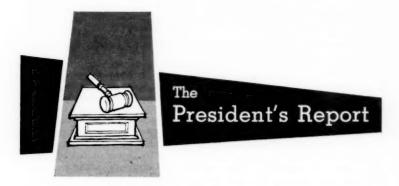
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Our fourth convention meets at a time of world crisis, when the very survival of civilization is imperilled as never before. The mounting belligerence of the Soviet Union has raised the once-unthinkable possibility of a nuclear holocaust to a clear and present danger. To stand firm for freedom in the face of this threat demands the utmost strength, dedication and calm determination from our nation and all its citizens.

Overshadowed in part by the ominous challenge of international tensions, and yet a fundamental element in meeting them, is the problem of persistent unemployment in the United States. We in the AFL-CIO have repeatedly asserted that the internal well-being of our own country is the most powerful weapon in the arsenal of democracy. Not only must our national economy operate at full capacity in order to maintain our military strength and lend adequate assistance to free nations in need of it; we must also prove by precept and example that a free society can offer to every citizen the precious feeling of self-respect based upon the opportunity to use his talents to the fullest.

Therefore it is not enough to say that the welcome economic recovery during 1961 has stimulated production, sales and profits, or even that it has raised the wages of those employed. For this recovery has left behind some four and one-half million men and women, a little more than six and one-half percent of the able and willing workers in this country, who still seek in vain a useful outlet for their abilities. Moreover, the combination of a growing labor force and accelerating technological change makes it evident that this blight upon our domestic welfare, our national power and our world-wide image will get worse before it gets better.

Surely the full, productive use of the nation's human resources is basic to both our moral and physical strength in the struggle against international communism. We must be strong clear through—strong as we face our enemies, with a strength firmly based upon inner conviction that the free way of life is best. The assurance of jobs for all is vital if that conviction is to be maintained and reinforced.

It is against this background that we must assess the events

of the last two years.

The 1960 Elections

The second session of the 86th Congress in 1960 was frustrating to adherents of progress. On the surface, the votes were there to enact at least a few long-delayed measures, such as a realistic minimum wage bill, aid to depressed areas and medical care for the aged under social security. But White House pressure, supplemented by the President's veto power, blocked them all. Even the extraordinary session of Congress, after the conventions of the political parties, produced no tangible results.

It seemed obvious that a legislative breakthrough depended in large part upon leadership from the Executive Department. Therefore the AFL-CIO followed with close attention the deliberations of the Republican and Democratic party conventions. Our position on every significant issue was carefully set forth, in identical terms, before the platform committees of both

parties.

The platform subsequently adopted by the parties, and the records of the national candidates nominated by their conventions, were carefully reviewed by the AFL-CIO Executive Council and the General Board. The General Board, as authorized by the AFL-CIO constitution, then voted to endorse the candidacies

of John F. Kennedy and Lyndon B. Johnson.

Meanwhile, quite apart from partisan considerations, the Executive Council had authorized a registration campaign to insure the fullest possible participation by American citizens in the selection of their President and their Congress. In many sections of the country this campaign was actively supported by civic organizations and community leaders. It is with pride that we can report labor's registration campaign was a distinct success.

Once the General Board's decision was made known, AFL-CIO affiliates worked vigorously for the Kennedy-Johnson ticket. There is no need to review here the course of the national campaign. The margin of victory was so narrow that every supporting force can claim credit for producing it. We are content to say that without the efforts of the labor movement, the battle would have been lost.

Unfortunately, as the national ticket was winning, the congressional candidates supported by the labor movement were less successful. Twenty-one seats in the House of Representatives formerly held by generally progressive legislators were lost

to reactionaries.

To sum up, we elected a President who, we had every reason to believe, favored our program; and we elected a Congress which, by every practical measurement, was more hostile than its predecessor to our aims.

The 87th Congress

In that context the subsequent legislative record was one of real accomplishment. For example:

An area redevelopment program, twice blocked by presidential

vetoes during the previous Administration, is now law.

Substantial improvements in the wage-hour law, including an extension of coverage to retail workers, are now in effect.

Better housing for millions of Americans is assured by the

first comprehensive act in this field for 14 years.

These three long-needed measures point up the difference between executive leadership for progress and executive inaction. All three bills could have become law in the more favorable 86th Congress; all three failed under presidential veto, the threat of veto and organized White House hostility. But this year, with positive White House support behind them—and behind the AFL-CIO position—all three were written into the statute-books.

There were many other gains, as set forth elsewhere in this report. Unfortunately, there were disappointments as well.

Despite our most vigorous efforts, neither the Administration nor Congress acted on two fundamental proposals to fight unemployment—a temporary cut in the withholding tax on incomes and a program of short-range public works projects. It is the deep conviction of the AFL-CIO that if these steps had been undertaken last spring, unemployment would now be down to a much more reasonable level.

Also high on the roster of disappointments was the unfortunate and unnecessary legislative tangle that enmeshed and strangled comprehensive federal aid to education. A similar fate doomed an occupational retraining bill, favored by an overwhelming bi-partisan majority in Congress. Other high-priority bills, such as old-age medical care, were put off to next year.

The Wisdom of Labor Unity

Yet it can be fairly said that in domestic affairs the country has begun to move forward again—not fast enough, not far enough, but at least in the right direction. And in this field, as in all others, the wisdom of labor unity has been demonstrated anew.

Let us look at our progress in that latter area.

Every state central body is now a merged organization. At this writing only a handful of city central bodies remain separate, and arrangements for their consolidation have progressed to such a degree that all may be united by the time this convention assembles. Some gains have been made toward the permanent elimination of jurisdictional disputes. There are no divisions in the AFL-CIO on questions of sound trade union policy.

The greatest unresolved trade union problem remains, as it has for 15 years, the essential task of organizing the unorganized.

New members are recruited each year by the hundreds of thousands, but they are barely enough to compensate for the attrition of automation and the continuing changes in the composition of the work-force. While the AFL-CIO as a whole has held its own numerically, we dare not close our eyes to the fact that our members are a smaller proportion of the total working population.

Legal obstacles unfairly raised by the Taft-Hartley Act and intensified by the Landrum-Griffin Act are not likely to be lowered to any great extent in the immediate future. But we cannot and should not permit those obstacles to deter us. We must intensify our organizing efforts in cooperation with our affiliated unions to bring about a new break-through into the major groups, such as white-collar workers, where the benefits of union organization are largely unknown.

An important element in this effort, as in our legislative program, is political action. As noted earlier, our long educational program paid dividends in the presidential campaign. It must be made even more effective in congressional and state cam-

In that connection, every AFL-CIO member would be welladvised to note that those areas where our organizations are weakest, where resistance to unionism is most virulent, are the same areas which traditionally elect the most unfriendly national and state legislators, and where the turnout of voters is

proportionately the smallest.

Quite aside from partisan considerations, the AFL-CIO can take special pride in a new venture in 1960 directed entirely toward encouraging citizens to register and vote. This venture qualified many thousands of new voters without regard to their party affiliation and was widely praised by civic groups whose primary concern is that an election truly reflect the people's will.

The Future Course

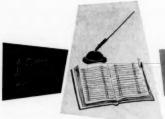
A full accounting of the AFL-CIO's activities in every field is contained in the pages that follow. A detailed report of the organization's finances is also included. It is now the duty of the convention delegates to assess the stewardship of their officers. to discuss what has transpired in the past and to chart the course of our movement for the two years ahead.

Whatever plans are made by this convention may, at a moment's notice or no notice at all, be drastically altered by world events over which our movement has no control. There is not the slightest doubt that in the global struggle for the rights of man, the AFL-CIO will continue to stand four-square in support of our country and the cause of freedom. We are for peace; but

we are even more for liberty.

It is in that spirit that the American labor movement will continue unabated its efforts to perfect our society here at home; to win for wage-earners and for all our countrymen an increasing measure of economic security, equality of opportunity and personal well-being. These things, too, are basic to our national strength, and in advancing them we serve America.

Sany Many



Secretary Treasurer's Report

Financial Report

The financial statements of the AFL-CIO for the last two fiscal years are contained in this section of my report. The statements have been certified to by our independent certified public

accountants, Main and Company.

The assets, liabilities and net worth of the General Fund of our organization at the beginning of the two-year period (June 30, 1959) and at the end of our last fiscal year (June 30, 1961) are shown in statement No. 1. Our net worth decreased \$171,061.13 during the two-year period.

This decline was attributable to an excess of expenses over income as shown in the statement of income and expenses, statement No. 2. (Statement No. 2A presents a report of our ex-

penses by categories).

Statements No. 3 through 11 of this report presents details of various items of income and expenses summarized in statement No. 2. Statement No. 12 summarizes defense fund transactions

for the period.

Statement No. 13 presents a report on the Special Purposes Fund of your organization. This fund established in February 1959 by the Executive Council is used to support the Solidarity Fund of the International Confederation of Free Trade Unions, special contributions, expenses in connection with the passage of favorable or defeat of unfavorable state legislation, subsidizing organizing campaigns such as the Agricultural Workers throughout the country and other special projects of a similar nature. An analysis of the various assessments levied by the Executive Council is provided in footnote 3 to the financial statements.

Statement No. 14 presents a report on the Cuban Refugee

Relief Fund.

In addition to the financial statements of the AFL-CIO, this section also contains the financial report of the trustees of the AFL-CIO Organizers Pension Plan and the AFL-CIO Staff Re-

tirement Plan, as well as the Executive Council's financial report of the AFL-CIO International Free Labor Fund. These reports

have also been certified to by Main and Company.

Our membership remains vitally interested in the financial affairs of our federation and we have continued to do our best to provide them with a comprehensive accounting of our stewardship. If you should have any questions or comments on the financial report, we hope that you will feel free to discuss them with us.

Respectfully submitted

Secretary-Treasurer

MAIN AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
PENNSYLVANIA BUILDING
WASHINGTON 4, D. C.

American Federation of Labor and Congress of Industrial Organizations Washington, D. C.

August 9, 1961

ACCOUNTANTS' CERTIFICATE

We have examined the balance sheet of the General Fund of the American Federation of Labor and Congress of Industrial Organizations as of June 30, 1961 and the related statement of income and expenses for the period July 1, 1959 to June 30, 1961. Our examination was made in accordance with generally accepted auditing standards, and accordingly includes such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of income and expenses, with the notes to financial statements, present fairly the financial position of the General Fund of the American Federation of Labor and Congress of Industrial Organizations as of June 30, 1961, and the results of its operations for the period July 1, 1959 to June 30, 1961, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

MAIN AND COMPANY, Certified Public Accountants

STATEMENT NO. 1 AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS GENERAL FUND BALANCE SHEET

ASSETS	June 30, 1961	June 30, 1959	Increase or Decrease*
Cash	790,216.96	560,106.64	230,110.32
Investment Securities (At Cost)			
U. S. Government securities	777,080.50	847,490.78	70,410.28*
FHA mortgages	69,116.57		69,116.57
Other investments	20,000.00	20,000.00	
Per Capita Taxes, Special Assessments, and Initiation and Reinstatement Fees Receivable from Affiliates (Note 1)	1,134,699.17	674,887.00	459,812.17
Loans Receivable	96,923.40	100,000.28	3,076.88*
Office Funds and Other Receivables	95,181,68	172,595.95	77.414.27*
Fixed Assets	00,101.00	112,000.00	11,414.01
Headquarters land and building			
Land	863,652.08	863,652.08	
Building	3,785,937.76	3,954,150.84	168,213.08*
Furniture, fixtures and equipment (net) .	290,522.71	386,042.38	95,519.67*
Prepaid Expenses	52,457.94	45,622.24	6,835.70
Total Assets	7,975,788.77	7,624,548.19	351,240.58
LIABILITIES AND NET WORTH			
Notes payable to bank	785,342.07	785,342.07	
Accounts payable	177,273.14	217,807.04	40,533,90*
Salaries and travel expense	22,885.99	85,966.80	63,080.81*
Payroll taxes and other deductions from		**********	
employees' earnings	77,985.40	73,082.74	4,852.66
	1,063,436.60	1,162,198.65	98,762.05*
Escrow funds held in trust for inactive			
local unions and central bodies	18,757.12	6,868.00	11,889.12
Due to Defense Fund (Statement No. 12) (Note 2)	892,694.35	723,792,66	168,901,69
Due to Special Purposes Fund (State-	002,004.00	120,102.00	140,001.05
ment No. 13) (Note 3)	723,953.10	290,452.15	433,500.95
Due to Cuban Refugee Relief Fund (Statement No. 14) (Note 4)	6,772.00		6,772.00
Total Liabilities	2,705,613.17	2,183,311.46	522,301.71
Net Worth, General Fund, Represented by the Excess of Assets over Liabilities	5,270,175.60	5,441,236.73	171,061.13*
TOTAL LIABILITIES AND NET WORTH	7,975,788.77	7,624,548.19	351,240.58

STATEMENT NO. 2 AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS GENERAL FUND STATEMENT OF INCOME AND EXPENSES

	For Details Refer to Indicated Statement	July 1, 1959 to June 30, 1960	July 1, 1960 to June 30, 1961	Total July 1, 1959 to June 30, 1961
Income				
From National and Interna- tional Unions and Organiz- ing Committees	(No. 3)			
Per capita taxes	(410)	7,520,499.63	7,424,232.18	14,944,731.81
Special assessments (Note		1,020,100.00	733,483.16	733,483.16
Per capita taxes, initiation and reinstatement fees from Local				
Unions		1,485,608.27	1,178,704.17	2,664,312.44
Dues from Central Bodies		9,557.57	25,936.62	35,494.19
AFL-CIO News		110,505.20	98,977.13	209,482.33
Sales of educational and or- ganizational supplies		59,038.07	66,706.36	125,744.43
Income from investments		27,704.60	31,257.85	58,962.45
Rental income		102,711.46	101,533.86	204,245.32
Other		23,606.90	22,638.28	46,245.18
Total Income		9,339,231.70	9,683,469.61	19,022,701.31
Expenses				
National and International Un- ions (Including Organizing				
Drives)	(No. 4)	71,079.97	25,006.47	96,086.44
Regional offices Headquarters	(No. 5)	2,385,331.87	2,370,917.41	4,756,249.28
Administrative departments.	(No. 6)	839,788.26	845,364.70	1,685,152.96
Other departments	(No. 7)	3,718,490.17	3,582,065.91	7,300,556.08
Committees	(No. 8)	970,449.02	909,248.55	1,879,697.57
Other general expenses	(No. 9)	1,675,381.32	1,475,473.49	3,150,854.81
Directly affiliated Locals and Central Bodies	(No. 10)	124,780.78	94,435.52	219,216.30
Contributions	(No. 11)	61,441.00	44,508.00	105,949.00
Total Expenses		9,846,742.39	9,347,020.05	19,193,762.44
OVER INCOME		507,510.69	336,449.56†	171,061.13

[†] Excess of income over expenses

STATEMENT NO. 2A AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS SUPPLEMENTAL STATEMENT OF EXPENSES BY CATEGORIES GENERAL FUND

	July 1, 1959 to June 30, 1960	July 1, 1960 to June 30, 1961
Salaries	3,976,623.00	4,002,464.18
Employees' pension and retirement plans	311,334.90	320,175.66
Employees' life insurance and medical plans	173,460.07	182,466.86
Payroll taxes	88,299.75	85,620.66
Workmen's compensation insurance	8,229.98	9,050.11
Travel expenses	1,224,735.34	1,144,858.36
Telephone and telegraph	109,568.03	111,344.21
Printing	483,397.75	345.804.35
Subscriptions and books	32,088.14	24.530.04
Office supplies and expense, National office	94,841.75	95,708.95
Postage and mailing	112,365.89	100,540.86
Community Services Committee rent	6,817.94	8,101.37
COPE field offices expenses	17,239.78	20,809.28
Regional offices rent, supplies, etc.	170,149.98	172,457.00
General insurance	5,033.33	12,074.31
Convention expense	176,686.61	171.99*
Conference expense	159,834.50	133,869.45
Exhibits	40,929.28	26,246.65
Attorneys' fees and expenses	102,781.42	91,753.81
Interest	27,486.20	27,487.21
Other taxes	8,915.21	7.674.74
Headquarters building expenses	234,837.32	236,873.87
Depreciation—furniture, fixtures and equipment	66,041.69	67,079.30
Radio programs	540,135.83	485,404.52
Television programs	430,900.58	330,898.67
Recordings	78,801.51	106,903.02
Films and projectors	8,341.10	9,967.66
Newspaper costs (AFL-CIO News)	183,317.88	184,404.27
Magazine costs (Federationist)	134,679.50	113,807.20
Pamphlets	82,395.52	179,952.56
Scholarship programs	10,272.00	16,500.00
International Confederation of Free Trade Unions	312,918.36	324,527.99
Inter-American Regional Organization	72,916.10	72,497.17
International affairs offices:	12,010.10	12,401.11
Paris, France	10,211.20	9,992.42
New York, N. Y.	11,812.91	12,087.88
National and International Union subsidies	44,355.30	4,000.00
Directly affiliated locals and central bodies:		
Subsidies	42,398.44	22,342.86
Other expenses	14,826.37	9,036.45
Matching funds for state political education activity.	89,247.23	98,990.35
Contributions to AFL-CIO auxiliaries	13,225.00	14,100.00
Other contributions	61,441.00	44,508.00
Other	72,848.70	80,279.79
TOTALS	9,846,742.39	9,347,020.05

* Credit

STATEMENT NO. 3 AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS STATEMENT OF PER CAPITA TAXES AND ASSESSMENTS FROM NATIONAL AND INTERNATIONAL UNIONS AND ORGANIZING COMMITTEES

Actors and Artistes of America, Associated Agricultural Workers Union, National Air Line Dispatchers Association Aluminum Workers International Union Aluminum Workers International Union Aluminum Workers International Union Frost Insulators and Ashestos Workers, International Association of Heat and Frost Insulators and Ashestos Workers, International Association of Heat and Frost Insulators and Ashestos Anarica, United Agricultural Implement Workers of Anarica, United Agricultural Implement Workers and Confectionery Workers International Union, Barbors, Hairdressers and Cosmecologias' International Union of America, The Sulternational Alliance of Bookbinders, International Brotherhood of Bookbinders, International Brotherhood of Bookbinders, International Brotherhood of Bookbinders, International Brotherhood of Brothers, Masons and Plasterers International Brothers, Sott Drink and Distillery Workers' International Union of America.	Total 1959 10 July 1, 1959 1960 39,224.39 1,999.31 16,102.38 16,102.38 16,102.38 17,200.00 731,713.19 43,557.10 51,678.77 1,136.00 32,400.00 32,400.00	Total Received 1. 1919 1, 1916 1, 1916 1, 1916 1, 1916 1, 1916 1, 1916 1, 1917 1, 1916 1, 1917 1, 191	Per (1959) 1959 1959 1959 3,638.76 1,799.40 1,799.40 1,164.10 6,000.00 652,905.40 88,997.85 43,672.20 1,040.00 82,912.60 82,912.60 82,912.60 82,912.60 82,912.60	July 1, 1966 1967 1968 1969 1969 1969 1969 1969 1969 1969	Assessments July 1, 1959 to June 30, to July 1, 1960 5,655.64 1,286.25 1,286.25 1,725.21 1,200.00 78,807.79 12,060.00 78,659.25 1,200.00 6,400.00 5,400.00 8,431.32	July 1, 1946 of July 1, 1960 of July 1, 1960 of July 20, 1960 of July 1, 1960
Brick and Clay Workers of America, The United Bridge and Structural Iron Workers, International As- sociation of Broadcast Employees and Technicians, National Associa-	16,264.01	17,529.28	13,507.15 83,489.45	14,819.90	2,756.86	2,709.38
tion of Broom and Whisk Makers Union, International Building Service Employees International Union Cammen of America, Brotherbrood Railway, Cammento and Information of America International	3,062.35 18.00 171,411.67 73,645.20	3,041.39 73.50 183,309.08 67,500.15	2,517.00 15.00 145,196.60 61,546.20	2,482.05 62.27 158,954.00 58,460.65	545.35 3.00 26,215.07 12,099.00	559.34 11.23 24,355.08 9,039.50
Appellers and Joness of America, United Brouser- hood of Gement, Lime and Gypsum Workers International United United Workers Union, International Cigarmakers International Union of America Clerks, National Federation of Post Office	481,500.00 23,796.82 52,475.42 4,258.49 56,526.28	24,156.00 48,027.14 4,567.79 59,213.47	438,500.00 20,185.20 46,479.95 3,592.00 50,154.25	420,000.00 19,300.60 38,942.35 8,684.15 48,618.20	43,000.00 3,611.62 5,995.47 666.49 6,872.03	112,000.00 4,855.40 9,084.79 888.64 10,600.27

STATEMENT NO. 3 (Cont'd)

Assessments July 1, July 1, 1959 1960 to June 39, to June 30, 1960 1960			1,723.28 2,831.71	81,223.39 28,428.31 65,833.42 76,767.96	43,	1,108.04 2,667.84			2,796.02 4,468.04 3,850.00 4,550.00	4.302.77 4.301.10		216.00 6,850.00	246.78 289.48	51.4	330.00	2,240.00 2,560.00	44,330.00 40,300.00	28.60 46.40 385.00 890.00	33,000.00 39,000.00	5,016.31 10,471.71
July 1, 1960 to June 30, 1961	129,154,50 205,647,70 172,800,00 142,059,90	20,374.75	12,197.80	163,233.55 329,028.05	162,000.00	9.484.60	42,900.00	1,529.55	18,739,15	217,870.80	20000	81,600.00	1.832.65	41,550.75	1,650.00	19,200.00	241,800.00	188.50	180,000.00	37,509.75
Per Capita July 1, 1959 to June 30, to	182,676.85 199,158.20 158,400.00 171,362,05	22,130.85	10,474.30	169,001.85 829,216.65	162,000.00	9.495.45	46,800.00	1,974.50	28,074.85	23,855,40	05.000000	930.00	1.371.35	36,725.10	2,062.50	19,200.00	241,800.00	155.50	180,000.00	42,254.50
Total Received 1, July 1, 1960 9 30, to June 30, 1961	157,468.11 250,239.18 195,840.00 152,405.74	26,322.31	15,029.51	186,661.86	205,200.00	12,102,44	44,460.00	1,848.05	23,202.19	24.667.35	00.100,14	38,450.00	1.622.13	53,704.43	1,980.00	21,760.00	282,100.00	234.90	219,000.00	47,981.46
Total B July 1, 1959 to June 30, 1960	157,846,23 222,520,93 178,560,00 206,188,54	24,489.74	12,197.58	200,225.24 895,050.07	191,700.00	10,603.49	56,940.00	2,215,10	25,870,87	28.158.17	***************************************	37,130.00	1,618.13	41,104.84	2,392.50	21,440.00	286,130.00	3,685.00	213,000.00	47,270.81
	Clerks, Brotherhood of Railway Retail Clerks International Association, Retail Clothing Workers of America, Amalgamated Communications Workers of America Communications Workers of America	Distillery, Rectifying and Wine Workers International Union Doll and Toy Workers of the United States and Canada,	International Union of	Union of Electrical Workers, International Brotherhood of Electrical Constructors International Union of	Engineers, International Union of Operating	Engineers, American Federation of Technical	Fire Fighters, International Association of	Flight Engineers' International Association	Furniture Workers of America, United Garment Workers of America, United	Garment Workers Union, International Ladies' Glass and Ceramic Workers of North America. United	Glass Bottle Blowers' Association of the United States	and Canada Glass Cutters League of America, Window	Glove Workers Union of America, International	Government Employees, American Federation of Grain Millers, American Federation of	Granite Cutters International Association of America,	Hatters, Cap and Millinery Workers International Un-	America, International	horse Sheers of United States and Canada, Interna- tional Union of Journeymen. Hosiery Workers, American Federation of	Hotel and Kestaurant Employees and Bartenders In- ternational Union	Industrial workers or America, international Union, Alifed Insurance Agents International Union

STATEMENT NO. 3 (Cont'd)

	Total	Total Received	Per Capita	pita	Asse	Assessments
	July 1, 1959 to June 30, 1960	July 1, 1960 to June 30, 1961	July 1, 1959 to June 30, 1960	July 1, 1960 to June 30, 1961	July 1, 1959 to June 30, 1960	July 1, 1960 to June 30, 1961
Lathers, International Union of Wood, Wire and Metal	11,482.00	11,826.00	9,702.50	9,720.00	1,779.50	2,106.00
Colo Tachar Goods Pleatice and Novelte Workers Inion In-	16,750.00	17,353.91	15,000.00	14,272.25	1,750.00	3,081.66
ternational Leader Morey Moreis (1997)	24,939.41	20,753.70	21,831.65	18,658.70	8,607.76	2,100.00
Letter Carriers, National Association of Locomotive Firemen and Enginemen. Brotherhood of	67,000.00	81,650.00	60,000.00	66,875.00	7,000.00	15,275.00
Longshoremen's Association AFL-CIO, International	-0-	37,500.00	10000	87,500.00		
Machinists, International Association of	466,573.27	479,509.08	894,015.80	389,220.90	72,557.47	90,288.18
Marble, Slate and Stone Polishers, Rubbers and Sawyers, Tile and Marble Setters Helpers and Ter-						
	5,760.72	6,080.76	4,800.60	4,800.60	960.12	1,280.16
Union of	18,908.71	23,624.46	15,835.30	19,230.75	3,073.41	4,398.71
Marine Engineers Beneficial Association, National	26,320.00	30,780.00	28,200.00	24,700.00	3,120.00	
Masters, Mates and Fliots, International Organiza-	7,030.00	2,850.00	5,700.00	2,850.00	1,330.00	-0-
Master Mechanics and Foremen of navy rards and Naval Stations, National Association of Month America	663.84	277.75	633.90	218.55	29.94	59.20
Amalgamated	285,677.85	231,539.00	198,092.55	190,019.40	37,585.30	41,519.60
Methanics Educational Society of America Metal Workers International Association, Sheet Moders and Foundary Workers Prices of North America	57,050,00	27,208.00	24,060.00	22,310.00 51,000.00	9,050.00	4,898.00
International	38,880.00	39,960.00	32,400.00	32,400.00	6,480.00	7,560.00
Musicians, American Federation of Newspaper Guild, American	172,432.56	199,736.85	149,651.15	160,200.70	22,781.41	••
Office Employes International Union	33,466.65	35,249.84	28,222.40	29,005.10	5,244.25	
Oil, Chemical and Atomic Workers International Union Packinghouse, Food and Allied Workers, United	54,085.81	111,898.82 56,599.85	92,119.90	90,763.40	10,762.41	9,659.85
Brotherhood of	101,701.67	137,347.41	91,685.35	105,170,15	10,016.32	32,177.26
Papermakers and Paperworkers, United Pattern Makers League of North America	7,370.00	91,158.74 8,470.00	72,029.10	72,223.90 6,600.00	13,136.31 660.00	
risectors and Coment Massons International Associa- tion of the United States and Canada, Operative Plumbing and Pipe Fitting Industry of the United States	48,280.00	49,640.00	40,800.00	40,800.00	7,480.00	8,840.00
Apprentices of the Association of Journeymen and Ablenetics Different Difference Differe	146,501.04	165,002.08	125,132.40	130,264.80	21,368.64	34,737.28
Union, Metal Porters, Brotherhood of Sleeping Car	9,206.83	8,866.72	7,772.45 6,000.00	7,601.60 5,100.00	1,434.38	1,265.12

STATEMENT NO. 3 (Cont'd)

	Total Received	eceived	Per Capita	ta	Assessments	ments
	July 1, 1959 to June 30, 1960	July 1, 1960 to June 30, 1961	July 1, 1959 to June 30, 1960	July 1, 1960 to June 30, 1961	July 1, 1959 to June 30, 1960	July 1, 1960 to June 30, 1961
oost Office Motor Vehicle Employees, National Federation of	2,491.60	3,289.86	2,225.50	2,673.95	266.10	615.91
der, Unice and Postal transportation Service Mail Han- ders, Watchmen and Messengers, National of Postal Transport Association, National Outers, International Brotherhood of Operative	876.00 10,868.67 12,750.00	888.00 12,312.14 18,000.00	720.00 9,353.50 11,250.00	720.00 9,422.55 16,000.00	156.00 1,010.07 1,500.00	168.00 2,889.59 2,000.00
America, International Plate	576.00	561.00	480.00	435.00	96.00	126.00
America, International	66,003.25	79,124.96	59,126,10	59,325.50	6,877.15	19,799,46
States and Canada, International Brotherhood of	102,095.24	98,988.05	87,486.70	81,420.80	14,608.54	17,567.28
Radio Association, American Railroad Trainmen, Brotherhood of	1,121.80	1,200.80	948.00	948.00	178.80	252.80
tion of Street and Electric	86,784.08	82,245.36	1,487.80	70,414.00	15,296.28	11,831,86
Railway Patrolmen's International Union Railway Supervisors Association, American October Whylogla and Denorment Stone Printer	4,506.42	4,545.16	3,833.70	3,695.85	672.72	849.31
Roofers, Damp and Waterproof Workers Association, United Slate, Tile and Composition	16,119.42	18,595.91	13,438.95	11,334.15	2,680.47	2,261.76
Rubber, Cork, Linoleum and Plastic Workers of America, United Seafarers International Union of North America	37,667,80	103,353.63	95,254.27	88,885.25	17,069.83	3,847.80
Sidne Workers of America, United Signalment of America, Trotherhoors, Signalmen of America, Protherhood Railroof Special Delivery Measureses, The National Association of	9,509.78 9,509.78 1,540.00	28,818.09 23.20 9,675.62	8,469.35	7,498.20 950.00	1,040.88	2,082,42 170.00
Stage Employee and Moving Picture Machine Operators of the United States and Canada, International Alli- saree of Theatrical	33,066.00	40,080.00	80,060.00	36,060.00	3,006.00	10,020.00
State, County and Municipal Employees, American Federation of Steelworkers of America, United	131,543.60	87,667.44	117,084.40	73,056.20	14,459.20	14,611.24
Stereotypers and Electrotypers Union of North America, International Stone and Allied Products Workers of America, United	8.281.01	9,523.86	7,085.15	7,789.70	1,195.86	1,784.16
stonecuters association of North America, Journeymen Stove Mounters International Union Switchmen's Inion of North America	4.712.25	8,688.06	8,708.45	7,033.50	1,003.80	1,654.56
Teachers, American Federation of Telegraphers, The Order of Railroad	35,823.25 20,400.00	39,442.00	32,058.40	34,880.85	2,400.00	4,611.15
Tatekruphers Union, The Commercial Tattlie Workers of America, United Textile Workers Union of America	18,526.01 25,136.56 100,500.00	19,239.74 23,575.59 108,908.24	21.184.25 90,000.00	20,199.15 85,880.15	3,952.31 10,500.00	3,376.44 23,028.09

AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS STATEMENT OF NATIONAL AND INTERNATIONAL UNION EXPENSES (INCLUDING ORGANIZING DRIVES) STATEMENT NO. 4

	Tota	ds	Salari	6.8	Travel E	cpenses	Subsid	ies
	July 1, 1959 June 30, to	July 1, 1960 o June 30, to 1961	July 1, 1959 June 30, to 1960	July 1. 1960 June 30, to	July 1, 1959 June 30,t	July 1, 1960 June 30, to 1961	July 1, July 2, July 30, to June 30, to July 1, Ju	July 1, 1960 June 30, 1961
AFL-CIO Organizing Committee for Agricultural Workers 26,724,67 21,006,47 13,814.62 9,842.00 12,910.05 11,164,47 American Bakery and Confectionery Workers International Union 22,055,30	26,724.67 22,055.80	21,006.47	13,814.62	9,842.00	12,910.05	11,164.47	22,055.30	4 000 00
international abovers where the state of the	18,000.00	***************************************					18,000.00	00004
TOTALS	71,079.97	25,006.47	25,006.47 13,814.62	9,842.00	12,910.05	11,164.47	44,355.30	4,000.00

AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS STATEMENT OF REGIONAL OFFICES EXPENSES STATEMENT NO. 5

		Lo	Totals	Sale	ies	Travel	vel	Office Maintenance	ntenance
		July 1, 1959 to June 30, 1960	July 1, 1960 to June 30, 1961	July 1, 1959 to June 30, 1960	July 1, 1960 to June 30 1961	July 1, 1959 1, to June 30, to	July 1, 1960 to June 30, 1961	July 1, 1959 to June 30, 1960	July 1, 1960 to June 30, 1961
Region	uo								
-	Boston	114.778.25	111.908.55	86.810.12	88.749.70	21.008.57	20.540.66	7.954.56	
O	New York	169.507.81	170.066.95	119.188.97	123, 424, 69	86.041.45	89.191.97		
00	Philadelphia	136,835.36	137.877.48	97.587.45	97.741.78	27.301.66	27.476.92	11.946.25	12.658.83
4	Raltimore	118 764 61	119 417 50	26 446 ET	81 088 00	95 914 81	94 889 04		
140		67 759 59	68 714 48	46 964 50	47 901 71	15 440 9g	1K 047 K9		
200	Atlanta	105 900 40	101 140 25	00.000.00	71 000 04	04 600 40	20,101		
9 6	:	100,203,40	107,140,00	14,910,00	11,901.24	24,020.49	23,191,50		
- 0	Transman	104,780.88	100,201.87	20.100.21	12.110,01	27,100.90	77.606.47		
0 0	Lanoxville	109,880.79	112,720.32	80,679,69	82,084.20	24,142,77	24,695,42		
	Cleveland	189,126,98	183,209.43	95,181,48	95,809.20	28,668.93	24,818.06		
10	Indianapolis	64,699.88	66,038.42	48,630.25	20,060.70	12,011.34	11,978.94		
11	Detroit	60,648.18	59,348.32	40,686.29	41,747.10	14,495.56	12,055,67		
53	Milwaukee	70,108.94	70,055.52	47,895.95	49,615,60	16,386.98	15,583,65		
20	St. Paul	61,481.84	61,055.20	44,901.39	45,028.00	11,858.51	10,361.65		
4	Chicago	120,622.81	120,716.53	84,467.11	86,574.76	24,322.06	23,436,26		
2	St. Louis	96,510.38	88,140.23	66,938.96	60,733.45	18,836.14	16,770.48		
91	Tulsa	85,589.48	80,787.16	60,404.72	58,087.70	21,119.78	18,331.72		
12	Fort Worth	94,809.21	96,747.00	69,326.63	70,866.19	18,895.82	19,587,46		
90	Phoenix	46,051.79	45,739.87	31,588.30	32,835.62	9,409.40	7,770.80		
19	Denver	57,901.95	58,281.64	89,692.27	41,288.80	11,389.14	9,752.00		
20	Boise	54,133,28	54,172.86	89,362,82	40,574.30	12,087.93	10,758.18		
21	Portland	70,892.49	71,296.43	52,787.95	54,387.45	12,495.67	11,760.50		5,148.48
22	San Francisco	105,979.00	97,715,65	76,433.15	70,846.79	18,722.89	16,793.83		
23	San Juan	40,198.29	33,654.30	24,607.82	20,193.07	11,189.95	8,991.42		
0	Other Offices								
	111-1	04 000	81 808 08	40 010 01	200 00		4 884 G	01 000 0	
	Honolulu	19,339.09	39,603.15	12,042.70	23,289.20	3,404.71	8,577.01	5,252.18	4, (41.02
		2,115,553.80	2,097,614.47	1,499,510.99	1,504,372.50	445,892.83	420,784.97	170,149.98	172,457.00
Pul	Automobile rentals	248,124.41 20,111.31	18,425.73			248,124.41 20,111.31	18,425.73		
MIC	MOVING expense (organizers)	1,042.00	7,004.10			1,042.00			
	Totals	2,385,331.87	2,370,917.41	1,499,510.99	1,504,372.50	715,670.90	694,087.91	170,149.98	172,457.00
	TOTAL STREET	2,000,000,000	710101017	T. T. T. C.	**************	110,010,011	2011001100	TION TANKED	

STATEMENT NO. 6 AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS STATEMENT OF HEADQUARTERS EXPENSES, ADMINISTRATIVE DEPARTMENTS

	July 1, 1959	July 1, 1960
E of or	to June 30, 1960	to June 30, 1961
Executive Offices		
Salaries	319,629.34	357,834.58
Travel expenses	50,848.90	44,306.84
Printing	631.84	646.55
Supplies	342.64	146.12
Books and subscriptions	205.29	173.54
Other	1,493.67	519.64
Total Executive Offices	373,151.68	403,627.27
Salaries	118,831.06	119,741.87
Travel expenses	546.45	966.85
Printing	2,697.68	2,015.17
Supplies	402.92	1,628.97
Books and subscriptions	19.50	1,020.31
Other	19.26	213.13
Total Accounting	122,516.87	124,565.99
Tabulating		
Salaries	38,473.17	34,789.23
Printing	4,424.73	896.82
Supplies	750.13	437.70
Other	3.72	2.55
Total Tabulating	43,651.75	36,126.30
Library Salaries	24,387.55	23,351.74
	14.50	20,001.14
Printing	247.76	441 05
Supplies		441.85
Books and subscriptions	3,238.84	2,876.98
Other	1,524.04	177.22
Total Library File Room and Switchboard	29,412.69	26,847.79
Salaries	46,977.15	48,559.17
Travel expenses	90.30	26.50
Printing	00.00	51.82
Supplies	459.98	184.21
Other	691.78	250.69
Total File Room and Switchboard	48,219.21	49,072.39
Mail Room		
Salaries	35,994.20	31,350.31
Printing	13,321.60	8,297.78
Postage	58,602.02	53,645.54
Supplies	24,879.93	23,492.81
Other	1,271.00	5,283.40
Total Mail Room	134,068.75	122,069.84
Stock Room		
Salaries	36,810.81	39,451.79
Postage	34,440.69	28,725.39
Supplies	17,449.66	14,577.28
Other	66.15	300.66
Total Stock Room	88,767.31	83,055.12
TOTAL HEADQUARTERS EXPENSES,		
ADMINISTRATIVE DEPARTMENTS	839,788.26	845,364.70

STATEMENT NO. 7 AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS STATEMENT OF HEAQUARTERS EXPENSES, OTHER DEPARTMENTS

	July 1, 1959 to June 30, 1960	July 1, 1960 to June 30, 1961
Organization		
Salaries	76,826.49	79,598.51
Travel expenses	18,623.62	16,169.78
Printing	526.91	2,055.86
Subscriptions	1,461.92	1,320.80
Conferences Other	5.60 2.40	13.70
Total Organization	97,446.94	99,158.65
Public Relations	-	
Salaries	135,382.22	138,557.35
Travel expenses	22,731,45	21,186.82
Printing	6,463.38	14,465.68
Subscriptions	295,28	82.00
Speakers Bureau—salaries and travel expenses.	178,797.58	75,696.31
Radio programs	540,135,83	485,404.52
Television programs	430,900.58	330,898.67
Recordings	78,801.51	106,903.02
Films and projectors	2,796.65	
Other	11,115.49	7,996.79
Total Public Relations	1,407,419.97	1,181,191.16
Publications		
Salaries	96,767.85	122,300.83
Travel expenses	8,038.36	10,697.46
Printing		8,189.29
Subscriptions	1,549.60	1,228.36
Newspaper costs (AFL-CIO News)	183,317.88	184,404.27
Magazine costs (Federationist)	134,679.50	113,807.20
Pamphlets	82,395.52 606.76	179,952.56 1.180.20
Total Publications	507,355.47	621,760.17
Research Salaries	195,534.39	909 495 75
Travel expenses	28,399.91	202,435.75 32,324,79
Printing	49,560.63	56,030.87
Subscriptions	6,934.14	6,110.43
Films	0,004.14	3,500.00
Conferences	10,931.95	10,263,93
Other	1,205.10	1,433.46
Total Research	292,566.12	312,099.23
Education		
Salaries	99,121.97	99,763.31
Travel expenses	20,532.46	19,619.21
Printing	86,661.59	54,997.64
Subscriptions	281.13	401.64
Films and projectors	4,044.45	6,467.66

STATEMENT NO. 7 (Cont'd)

	July 1, 1959 to June 30, 1960	July 1, 1960 to June 30, 1961
Conferences	384.07*	615.30
Scholarship program	8,000.00	14,900.00
Other	260.52	714.86
Total Education	218,518.05	197,479.62
Social Insurance		
Salaries	91,400.14	93,536.20
Travel expenses	11,697.06	12,834.10
Printing	22,100.83	3,845.26
Subscriptions	838.10	864.89
Films	1,500.00	
Conferences	867.90	1,509,12
Other	867.22	4,516.81
Total Social Insurance	129,271.25	117,106.38
Legislative		
	155 900 FF	100 004 41
Salaries	155,362.57	162,804.41
Travel expenses	21,742.03	24,503.98
Printing	38,577.03	10,432.01
Subscriptions	3,304.62	2,144.69
Conferences	7,598.70	1,992.75
Other	5,426.27	7,241.32
Total Legislative	232,011.22	209,119.16
Legal		
Salaries	24,465.51	24.918.18
Travel expenses	793.85	564.96
Subscriptions	1,571.96	1,699.07
Attorneys' fees and expenses	102,781.42	91,753.81
Other	24.70	50.40
Total Legal	129,637.44	118,986.42
International Affairs		
Salaries	182,958.76	194,751.39
Travel expenses	68,135.73	
Printing	23,207.98	69,074.47 25,529.22
Subscriptions	357.69	327.33
Conferences	14,827.30	3,118.95
Free Trade Unions	312,918.36	324,527.99
Inter-American Regional Organization	72,916.10	76,586.17
Scholarship programs	2,272.00	1,600.00
Office expenses:	10 011 00	0.000 :-
Paris, France	10,211.20	9,992.42
New York, N. Y	11,812.91 4,645.68	12,087.88 7,569.30
Total International Affairs	704,263.71	
	104,200.71	725,165.12
TOTAL HEADQUARTERS EXPENSES, OTHER DEPARTMENTS	3,718,490.17	3,582,065.91

STATEMENT NO. 8 AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS STATEMENT OF HEADQUARTERS EXPENSES, COMMITTEES

	July 1, 1959	July 1, 1960
	to June 30, 1960	to June 30, 1961
Committee on Political Education		
Salaries	321,004.76	326,013.30
Travel expenses	133,930.03	114,197.64
Printing	188,573.16	132,488.40
Mailing and postage	14,737.42	14,107.00
Supplies	4,185.36	4,102.25
Telephone and telegraph	9,600.88	10,810.02
Subscriptions	3,079.39	2,686.26
Field officer		
Field offices	17,239.78	20,809.28
education activity	89,247,23	98,990.35
Other	734.86	128.29*
Total Committee on Political Education.	782,332.87	724,076.21
Civil Rights Committee		
	E9 911 09	46 090 01
Salaries	52,811.93	46,939.91
Travel expenses	20,890.27	14,315.62
Printing	4,703.30	1,839.58
Subscriptions	390.27	249.20
Conferences	292.77	-0-
Other	42.92	57.20
Total Civil Rights Committee	79,131.46	63,401.51
Community Services Committee		
Salaries	58,580.95	64,309.56
Travel expenses	9,844.01	10,345,92
Printing	13,813,14	6,752.50
Mailing and postage	4,585.76	4,062.93
Supplies	2,086.75	1,423.16
Telephone and telegraph	5,902.77	5,921.38
Subscriptions	525.32	834.03
Rent	6,817.94	8,101.37
Office expenses Conferences	1,571.37	1,321.40
	1,089.86	13,038.75
ExhibitsOther	1,951.61 $2,215.21$	2,600.87 3,058.96
Total Community Services Committee		
•	108,984.69	121,770.83
TOTAL HEADQUARTERS EXPENSES,		
COMMITTEES	970,449.02	909,248.55

^{*} Credit

STATEMENT NO. 9 AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS STATEMENT OF HEADQUARTERS EXPENSES, OTHER GENERAL EXPENSES

	July 1, 1960 to June 30, 1961	July 1, 1959 to June 30, 1960
Employees' pension and retirement plans	311,334.90	320,175.66
Employees' life insurance and medical plans	173,460.07	182,466.86
Payroll taxes	88,299.75	85,620,66
Other taxes	8,915,21	7.674.74
Telephone and telegraph	94,064.38	94,612.81
Printing	24,368.62	11,342.04
Subscriptions	8,035.09	3,530.82
General office supplies and expense	42,465.25	47,953.20
General insurance	5,033.33	12,074.31
Workmen's compensation insurance	8,229.98	9,050.11
Convention expense	176,686.61	171.99*
Conference expense	124,604.49	103,330.65
Exhibits	37,852.41	23,645.78
Interest	27,486,20	27,487.21
Religious relations representative	21,200120	,
Salaries	15,967.29	16,491.33
Travel expenses	5,670.88	5,541.74
Other	3,276.67	1,871.82
AFL-CIO Auxiliaries	-,	-,
Salaries	13.541.27	18,775.05
Travel expenses	11,883.73	7,627.36
Printing	1,366.34	-0-
Contributions	13,225.00	14,100.00
Exhibits	1,125.26	-0-
Other	1.044.88	48.81
Depreciation—furniture, fixtures and equipment	66.041.69	67,079.30
Headquarters building	00,041.03	01,013.00
Salaries	140,254.30	144,453.19
Light, heat and power	38,211.55	39,121.18
Taxes	71,725.96	71,725.96
Insurance	3.079.15	3.014.32
Maintenance and repairs	37,714.12	38,905.87
Depreciation	84,106.54	84.106.54
Miscellaneous	36,310.40	33,818.16
Miscendieous	00,010.40	00,010.10
TOTALS	1,675,381.32	1,475,473.49

^{*} Credit

STATEMENT NO. 10 AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS STATEMENT OF DIRECTLY AFFILIATED LOCALS AND CENTRAL BODIES EXPENSES

	July 1, 1959 to June 30, 1960	July 1, 1960 to June 30, 1961
Auditing		
Salaries	42,765.30	40,368.45
Travel expenses	22,406.18	16,759.90
Printing	2,384.49	5.927.86
Organizational supplies	4.913.67	834.92
Bond premiums	9,116.68	7,800.28
Per capita taxes	736.93	396.53
Subsidies	42.398.44	22,342,86
Other	59.09	4.72
TOTALS	124,780,78	94,435,52

STATEMENT NO. 11 AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS STATEMENT OF CONTRIBUTIONS

E-7 E-1	July 1, 1959 to June 30, 1960	July 1, 1960 to June 30, 1961
American Cancer Society	2,000.00	500.00
Conference on Economic Progress	24,000.00	24,000.00
Fair Campaign Practices Committee, Inc	1,000.00	
Foundation for Religious Action in the	-,	
Social and Civil Order	1,000.00	1,000.00
Joint United States-Mexico Trade Union Committee	-,	1,000.00
Minimum Wage Committee	1,000.00	2,000.00
Murray-Green Award to Agnes E. Meyer	2,000.00	5,000.00
Murray-Green Award to Harry S. Truman		0,000.00
Memorial Library	5,000.00	
National Child Labor Committee	1,000.00	1,000.00
National Conference to Stabilize Migrant Labor	1,000.00	1,000.00
National Foundation—Labor Service Division	2,156.00	0.150.00
		2,158.00
Religion and Labor Council of America	1,000.00	1 000 00
Religion in American Life, Inc.	1,000.00	1,000.00
Southern Regional Council, Inc.	2,500.00	0.500.00
United Givers Fund	2,500.00	2,500.00
U. S. Committee for the Atlantic Institute	40.000.00	1,000.00
White House Conference on Children and Youth	10,000.00	
Other	6,285.00	5,350.00
TOTALS	61,441.00	44,508.00

STATEMENT NO. 12 AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS STATEMENT OF DEFENSE FUND, INCOME, EXPENSES AND BALANCES

		July 1, 1959 to June 30, 1960	July 1, 1960 to June 30, 1961
Defense	Fund balance, beginning of period	723,792.66	828,938.96
Add:	Per capita taxes from directly affiliated locals allocated to Fund (8½¢ per member per month through January 31, 1960, and 15¢ per member per month thereafter)	137,321.30	130,735.39
	uivei)		
		861,113.96	959,674.35
Deduct:	Disbursements to Local Unions to sustain authorized strikes or lockouts (at \$15.00 per week per eligible member through January 31, 1960, and \$20.00 per week thereafter)	32,175.00	66,980.00
	FENSE FUND BALANCE, ND OF PERIOD (NOTE 2)	828,938.96	892,694.35

STATEMENT NO. 13 AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS STATEMENT OF SPECIAL PURPOSES FUND INCOME, EXPENSES AND BALANCES

	July 1, 1959 to June 30,	July 1, 1960 to June 30,
Income	1960	1961
Special assessments National and international Unions and Organizing Committees (Statement		
No. 3) Directly affiliated locals	1,292,332.69 8,551.53	1,212,817.33 8,812.35
Total Income	1,300,884.22	1,221,629.68
Special expense—state legislation	111,213.56	226,676.85
tural Workers	128,810.48	296,383.26
World Affairs	50,243.94	
African Program	00,210.01	21,566.14
Algerian trade union movement-refu-		
gee relief	10,000.00	
Clergy Economic Education Foundation		5,000.00
Council on Social Worker Education		1,000.00
Group Health Association of America .		5,000.00
Histadrut Executive Committee, Tel Aviv International Confederation of Free	50,000.00	90,000.00
Trade Unions Solidarity Fund	188,010.92	693,971.48
Jewish Labor Committee		10,000.00
Joint Council on Economic Education	5,000.00	
Kenya Federation of Labor	21.025.25	
League for Industrial Democracy	10,000.00	
National Advisory Committee on Farm	,	
Labor	7,500.00	
Labor	1,000.00	5,000.00
National Institute of Labor Education 13th International Congress on Occupa-		44,611.07
tional Health	5,000.00	
Religion and Labor Council of America	20,000.00	
Eleanor Roosevelt Cancer Foundation		50,000.00
St. Xavier's School, New Dehli, India .		5,000.00
Student Nonviolent Coordinating Com-		
mitteeTennessee State Labor Council—relief of		5,000.00
sharecroppers and tenant farmers		2,000.00
United Service Organizations, Inc U. S. Committee for Refugees—Cuban		10,000.00
refugees		10,000.00
Total Expenses	607,804.15	1,481,208.80
Excess of Income over Expenses Special Purposes Fund balance, beginning of	693,080.07	259,579.12*
period	290,452.15	983,532.22
SPECIAL PURPOSES FUND BALANCE		
END OF PERIOD (NOTE 3)	983,532.22	723,953.10
* Evenes of ownerson over income		

^{*} Excess of expenses over income

STATEMENT NO. 14 AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS STATEMENT OF CUBAN REFUGEE RELIEF FUND RECEIPTS, DISBURSEMENTS AND BALANCE JANUARY 19, TO JUNE 30, 1961

Receipts Contributions from National and International Unions		11,772.00
Disbursements		
Contributions: Catholic Relief Service Church World Service Hebrew Immigration Aid Society International Rescue Committee National Committee for Resettlement of Foreign Physicians	3,000.00 500.00 500.00 500.00 500.00	
Total Disbursements		5,000.00
CUBAN REFUGEE RELIFE FUND BAL JUNE 30, 1961 (NOTE 4)		6,772.00

NOTES TO FINANCIAL STATEMENTS

Note 1—Per Capita Taxes, Special Assessments, and Initiation and Reinstatement Fees Receivable From Affiliates

A summary of the June 30, 1961 accruals for per capita taxes, special assessments, and initiation and reinstatement fees receivable is shown below:

	Allocable To				
	General Fund	Special Purposes Fund	Defense Fund	Total	
National and International Unions and Organizing Committees					
Per capita taxes Special assessments Levy of February	490,785.00			490,785.00	
1960 (1)		7,975.00		7,975.00	
Levy of February 1961 (2)	265,520.00	265,520.00		531,040.00	
	756,305.00	273,495.00		1,029,800.00	
Local Unions					
Per capita taxes Initiation and reinstate-	93,581.41		10,566.85	104,148.26	
ment fees	750.91			750.91	
Total Per Capita Taxes, Special Assessments, and Initiation and Reinstatement Fees Receivable from					
Affiliates	850,637.32	273,495.00	10,566.85	1,134,699.17	

2¢ per member per month for six months beginning February, 1960, all allocable to Special Purposes Fund.

(2) 3¢ per member per month for six months beginning March, 1961, allocable 1½¢ to General Fund and 1½¢ to Special Purposes Fund.

Such accruals at June 30, 1959, totaled \$674,887.00 or \$459,812.17 less than the June 30, 1961 totals. The increase is almost entirely attributable to the special assessment (levied by the Executive Council in February, 1961) of 3¢ per member per month for a six-month period beginning in March, 1961.

With respect to the method of paying this special assessment, the Executive Council empowered the Officers to make any suitable arrangement with an affiliate, provided the affiliate recognized its obligation to meet the full assessment of 18¢ per member. By agreement, certain affiliates are making payments at monthly rates, varying with the affiliate, of less than 3¢ per member (such as 2¢ per member for 9 months, etc.).

In accounting for the special assessment, the AFL-CIO has properly recorded the assessments receivable on the basis of 3ϕ per member per month beginning March 1, 1961. Income from the assessment has been recognized on the same basis, with one half $(1\frac{1}{2}\phi$ per member per month) allocated to the General Fund and the other half allocated to the Special Purposes Fund.

Note 2-Defense Fund

The Defense Fund is for Local Unions directly affiliated with the AFL-CIO. Defense Fund receipts and disbursements are recorded in the General Fund of the organization. Therefore, the Defense Fund balance of \$892,694.35 at June 30, 1961 represents a liability of the General Fund and is reflected as such in the balance sheet of the General Fund (Statement No. 1).

Note 3-Special Purposes Fund

The Special Purposes Fund was established by the AFL-CIO Executive Council in 1959. Fund income has been provided by special assessments upon the affiliated organizations. During the two-year period July 1, 1959 to June 30, 1961 the following assessments have been made:

Amount Per Member Per Month	Duration	Total Assessment per Member for Special Purposes Fund
1é	March 1, to August 31, 1959	6é
1¢ 2¢	February 1, to July 31, 1960	12¢
11/4 €	March 1, to August 31, 1961	96

Withdrawals from the Special Purposes Fund can be made only by motion of the Executive Council.

Special Purposes Fund receipts and disbursements are recorded in the General Fund of the organization. Therefore, the Special Purposes Fund balance of \$723,953.10 at June 30, 1961 represents a liability of the General Fund and is reflected as such in the balance sheet of the General Fund (Statement No. 1).

Note 4-Cuban Refugee Relief Fund

The AFL-CIO Executive Council, at their meeting on January 5, 1961, authorized the President to make an appeal for contributions from affiliated organizations for Cuban refugee relief. The first contribution was received on January 19, 1961.

Cuban Refugee Relief Fund receipts and disbursements are recorded in the General Fund of the organization. Therefore, the Cuban Refugee Relief Fund balance of \$6,772.00 at June 30, 1961 represents a liability of the General Fund and is reflected as such in the balance sheet of the General Fund (Statement No. 1).

To the Trustees,
AFL-CIO Organizers Pension Plan and
AFL-CIO Staff Retirement Plan

August 15, 1961

ACCOUNTANTS' CERTIFICATE

We have examined the receipts and disbursements of the AFL-CIO Organizers Pension Plan and the AFL-CIO Staff Retirement Plan for the period July 1, 1959 to June 30, 1961, and have verified the assets of the two plans at June 30, 1961.

Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statement of Receipts, Disbursements and Balances present fairly the cash and investments of the AFL-CIO Organizers Pension Plan and the AFL-CIO Staff Retirement Plan at June 30, 1961, and the results of the transactions in the respective Plans for the period July 1, 1959 to June 30, 1961.

MAIN AND COMPANY
Certified Public Accountants

AFL-CIO ORGANIZERS PENSION PLAN STATEMENT OF RECEIPTS, DISBURSEMENTS, AND BALANCES FOR PERIOD JULY 1, 1959 TO JUNE 30, 1961

Receipts		
Current service contributions		304,143.20
Income from investments		53,872.11
Gain on sale of securities		9,681.25
Total Receipts		367,696.56
Disbursements		
Pensions to retired employees		144,694.99
Excess of Receipts over Disbursements		223,001.57
Balance, July 1, 1959		873,214.11
BALANCE, JUNE 30, 1961		1,096,215.68
Assets Comprising Balance at June 30, 1961 Cash in bank		75,825.43
Investments (at cost):		
United States Government securities:		
Treasury Bonds	754,237.50	
Treasury Bills	174,065.35	
Total United States Government Securities	928,302.85	
FHA mortgages	92,087.40	1,020,390.25
TOTAL		1,096,215.68

Note: The United States Treasury Bond and Bills carried at costs aggregating \$928,302.85 represent securities having a maturity value of \$955,000.00

AFL-CIO STAFF RETIREMENT PLAN STATEMENT OF RECEIPTS, DISBURSEMENTS AND BALANCES FOR PERIOD JULY 1, 1959 TO JUNE 30, 1961

Receipts Current service contributions		
From AFL-CIO	303,633.34	
From affiliated departments and central bodies	90,628.93	394,262.27
Past service contributions: From affiliated departments and central		40.000.00
bodies Income from investments		46,629.62 78,710.44
Gain on sale of securities		13,120.50
Total Receipts		532,722.83
Disbursements		
Lump sum payments to employees during termi-		
nating employment during period		168,197.41
beneficiaries		18,619.19
International Union		9,371.89
Pensions to retired employees		31,740.54
Total Disbursements		227,929.03
Excess of Receipts over Disbursements		304,793.80
Balance, July 1, 1959		1,251,118.92
BALANCE, JUNE 30, 1961		1,555,912.72
Assets Comprising Balance at June 30, 1961 Cash in bank		63,545.98
Investments (at cost)		
United States Government Securities In name of employees:		
Savings Bonds, Series E	125,212.50	
In name of plan Savings Bonds	10,012,000	
Series F	8,140.00	
Series G	80,000.00	
Series J	18,360.00 173,000.00	
Treasury Bonds	716,530.00	
Treasury Notes	54,000.00	
Treasury Bills	174,065.35	
Total United States Government		
Securities	1,349,307.85	1 400 000 54
FHA mortgages	143,058.89	1,492,366.74
TOTAL		1,555,912.72
Funds into which assets are allocated at June 30, 1961		
Retired individuals		151,538.39
Employees' equity		1,008,537.57 259,626.06
Escrow (contributions on behalf of employees		209,020.00
with less than 2 years service)		32,788.70
Unallocated interest		103,422.00
TOTAL		1,555,912.72

Note: The investments in United States Savings Bonds, Treasury Bonds, Treasury Notes and Treasury Bills carried at costs aggregating \$1,349,307.85 represent securities having a maturity value of \$1,421,450.00.

Executive Council

American Federation of Labor and

Congress of Industrial Organizations

August 15, 1961

ACCOUNTANTS' CERTIFICATE

We have examined the receipts and disbursements of the AFL-CIO International Free Labor Fund for the period July 1, 1959 to June 30, 1961, and have verified the cash balance of the Fund at June 30, 1961.

Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statement of receipts, disbursements, and cash balances presents fairly the cash position of the AFL-CIO International Free Labor Fund at June 30, 1961, and the results of the cash transactions of the Fund for the period July 1, 1959 to June 30, 1961.

MAIN AND COMPANY Certified Public Accountants

AFL-CIO INTERNATIONAL FREE LABOR FUND STATEMENT OF RECEIPTS, DISBURSEMENTS AND CASH BALANCES FOR PERIOD JULY 1, 1959 TO JUNE 30, 1961

Receipts

Di	shu	rsem	ents

Disbursements		
Contributions:		
American Red Cross-Chilean disaster relief	5,000.00	
Federation of Labor of Northern Honduras	1,200.00	
Histadrut	10,000.00	
Moroccan Workers Union-Agadir disaster relief	5,000.00	
Plantation Workers International Federation	13,900.00	
Tanganyika Federation of Labor	852.00	
U. S. Committee for Refugees	2,500.00	
Uruguayan railway strikers	500.00	38,952.00
General Confederation of Trade Unions of El		1 500 00
Salvador		1,500.00 826.00
Total Disbursements		
Total Disbursements		41,278.00
Excess of Disbursements over Receipts Cash balance, July 1, 1959		41,278.00 $41,935.87$
CASH BALANCE, JUNE 30, 1961		657.87
Composition June 30, 1961 cash balance		
American Security and Trust Company, Washington		
D. C.—checking account		657.87

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AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS PAID MEMBERSHIP

The following table shows the paid membership in nearest thousands of the affiliated unions of the American Federation of Labor and Congress of Industrial Organizations for the years 1955, 1957, 1959 and 1961. This table is based upon the average per capita membership paid to the American Federation of Labor and Congress of Industrial Organizations. The 1961 figures are based on the two year fiscal period ending September 30, 1961.

	Th	ousands	of Membe	ers
Organizations	1955	1957	1959	1961
Actors and Artistes of America, Asso-				
ciated	34	43	51	58
Agricultural Workers, Organizing Com-				
mittee		4		a2
Agricultural Workers Union, National .	4	4	4	b 1
Air Line Pilots Association	9	14	18	18
Aluminum Workers International Union	20	22	18	18
Asbestos Workers, International Asso-	20		10	20
ciation of Heat and Frost Insula-				
tors and	9	10	10	10
Automobile, Aircraft and Agricultural				
Implement Workers of America,				
United	1,260	1,216	1,060	1,019
Automobile Workers of America, Inter- national Union, United	73			
Bakery and Confectionery Workers	10	c		
International Union, American			d40	69
Barbers and Beauty Culturists Union of			440	00
America	3	e		
Barbers, Hairdressers and Cosmetolo- gists' International Union of				
gists' International Union of				
America, The Journeymen	65	69	73	73
Bill Posters, Billers and Distributors of				
the United States and Canada,	2	2	2	2
International Alliance of Boiler Makers, Iron Ship Builders,	2	2	2	2
Blacksmiths, Forgers and Helpers,				
International Brotherhood of	151	151	151	151
Bookbinders, International Brotherhood	101	101	101	101
of	51	54	56	56
Boot and Shoe Workers' Union	40	40	40	40
Brewery, Flour, Cereal, Soft Drink and Distillery Workers, International				
Distillery Workers, International				
Union of United	45	45	45	45
Bricklayers, Masons and Plasterers In-	100	100	100	100
ternational Union of America Brick and Clay Workers of America,	120	120	120	120
The United	23	25	23	23
Bridge and Structural Iron Workers,	20	20	20	20
International Association of	133	136	144	137
Broadcast Employees and Technicians,				
National Association of	4	4	4	4
Broom and Whisk Makers Union,				
International	1	1	1	1
Building Service Employes Interna-	905	000	005	001
tional Union	205	222	235	261
way	116	127	111	93
way	110	121	111	90

Organizations	1955	1957	1959	1961
Carpenters and Joiners of America, United Brotherhood of	750	750	750	709
Cement, Lime and Gypsum Workers	35	35	34	32
International Union, United Chemical Workers Union, International	79	72	67	65
Cigarmakers' International Union of	9	8	7	6
America				
Office	97	96	94	95
Clerks, Brotherhood of Railway	264	267	250	215
Clerks, International Association, Retail Clothing Workers of America, Amal-	259	291	315	340
	210	273	288	290
gamated	249	250	261	255
Coopers International Union of North	0			
America Distillery, Rectifying and Wine Workers International Union	3	4	4	3
Doll and Toy Workers of the United	26	25	31	34
States and Canada, International	14	17	18	19
Union of Electrical, Radio and Machine Workers,	14	11	10	10
International Union of Electrical Workers, International Broth-	271	314	280	274
erhood of	460	464	514	548
Union of	10	10	10	11
Engineers, International Union of	000	200	0.14	
Operating Engineers, American Federation of	200	200	241	270
Technical Engravers and Marking Device Workers	10	12	13	13
Union, International Metal Engravers Union of North America,	1	f		
International Photo	16	16	16	16
tion of	72	78	80	78
Brotherhood of	57	57	54	48
Clation	1	2	3	3
Furniture Workers of America, United. Garment Workers of America, United.	34	39	35	32
Garment Workers Union, International	40	40	38	35
Ladies'	383	373	368	363
America, United	41	42	36	35
United States and Canada	47	52	52	53
Glass Cutters League of America,	2	2	2	1
Window	28	29	28	30
Glove Workers Union of America.	3	3	3	-
International	47	56		8
Government and Civic Employees Or-		90	56	68
ganizing Committee	27 33	32	31	29
Granite Cutters International Associa-	4	32	-	
tion of America, The	4	3	3	3
				35

Organizations	1955	1957	1959	1961
Hatters, Cap and Millinery Workers	32	32	32	32
International Union, United Hod Carriers, Building and Common	04	02	02	92
Laborers Union of America, Inter- national	372	400	403	403
Canada, International Union of				
Journeymen	1	1	1	1
of Hotel and Restaurant Employees' and	15	10	6	5
Bartenders' International Union Industrial Workers of America, Inter-	300	300	300	300
national Union, Allied		76	66	64
Insurance Agents International Union .	13	12	h	
Insurance Workers of America Insurance Workers International Union,	9	9	h	00
AFL-CIO	20	22	22 17	22 13
AFL-CIO Jewelry Workers Union, International. Lathers, International Union of Wood,	20	22	11	10
Wire and Metal Laundry and Dry Cleaning International	16	16	16	16
Union, AFL-CIO			i15	24
Workers Union, International Leather Workers International Union	30	29	31	32
of America	2	6	5	5
Letter Carriers, National Association of Lithographers of America, Amalgam-	100	100	100	108
Locomotive Firemen and Enginemen,	28	28	j	
Brotherhood of Longshoremen, International Brother-		37	55	50
hood of	8	15	14	k
CIO, International				1 46
Machinists, International Association of Maintenance of Way Employes, Broth-	627	708	691	646
erhood of	159	152	131	101
bers and Sawyers, Tile and Marble Setters Helpers and Terrazzo Help-				
ers, International Association of Marine and Shipbuilding Workers of	6	8	8	8
America, Industrial Union of Marine Engineers' Beneficial Associa-	27	34	34	30
tion, National	9	8	8	8
Maritime Union of America, National	37	39	40	38
Masters, Mates and Pilots, International Organization of	9	9	9	9
Master Mechanics and Foremen of Navy Yards and Naval Stations, National				
Association of	1	1	1	1
North America, Amalgamated Mechanics Educational Society of	263	312	329	325
America	49	49	41	38
tion, Sheet	50	56	75	84

Organizations	1955	1957	1959	1961
Molders and Foundry Workers Union				
Molders and Foundry Workers Union of North America, International	67	68	57	54
Musicians, American Federation of	250	255	255	247
Newspaper Guild, American	21	22	24	24
Office Employes International Union Oil, Chemical and Atomic Workers In-	44	45	46	48
ternational Union	160	165	159	151
United	118	96	87	76
of America, Brotherhood of Paper Makers, International Brother-	182	185	179	163
hood	60	m		
Paper Workers of America, United	40	m	440	404
Papermakers and Paperworkers, United Pattern Makers League of North		110	116	121
America	11	11	11	11
States and Canada, Operative Plumbing and Pipe Fitting Industry of the United States and Canada, United Association of Journeymen	60	60	65	68
and Apprentices of the	200	200	200	215
International Union, Metal	15	16	14	13
Polishers, Buffers, Platers and Helpers International Union, Metal	10	10	10	8
Post Office Motor Vehicle Employees, National Federation of			n2	4
and Messengers, National Associa-				
tion of	1	1	1	1
Postal Transport Association, National . Potters, International Brotherhood of	22	21	19	r
Operative Printers, Die Stampers and Engravers Union of North America, Interna-	23	26	28	26
tional Plate Printing Pressmen's and Assistants'	1	1	1	1
Union of North America, Interna-				
Pulp, Sulphite and Paper Mill Workers of the United States and Canada,	87	92	96	99
International Brotherhood of	154	161	164	142
Radio and Television Directors Guild	1	1	1	0
Radio Association, American	2	2	2	2
Railroad Trainmen, Brotherhood of Railway Employes of America, Amal- gamated Association of Street and		13	128	121
Electric	139	129	124	116
Union	3	3	3	2
Railway Supervisors Association, American		1	6	6
Retail, Wholesale and Department Store Union	97	105	107	110
Roofers, Damp and Waterproof Workers Association, United Slate, Tile	40	20	04	24
and Composition	18	20	21	21
				37

Organizations	1955	1957	1959	1961
Rubber, Cork, Linoleum and Plastic				
Workers of America, United Seafarers International Union of North	163	162	152	152
America	42	52	58	69
Shoe Workers of America, United Siderographers, International Associa-	51	51	50	50
tion of	1	1	1	1
Railroad	15	15	14	13
tional Association of Stage Employes and Moving Picture Machine Operators of the United States and Canada, International	2	2	2	2
Alliance of Theatrical State, County and Municipal Employees,	46	50	50	50
American Federation of	99	147	173	188
Steelworkers of America, United Stereotypers and Electrotypers Union	980	1,021	892	843
of North America, International Stone and Allied Products Workers of	12	12	12	12
America United Stonecutters Association of North	11	13	12	12
America, Journeymen	2	2	2	2
Stove Mounters International Union	10	9	8	9
Switchmen's Union of North America .	11	12	11	10
Teachers, American Federation of	40	48	50	57
Telegraphers, The Order of Railroad	30	30	30	30
Telegraphers' Union, the Commercial	29	29	29	26
Textile Workers of America, United	49	43	37	34
Textile Workers Union of America	203	190	173	142
Tobacco Workers International Union Train Dispatchers Association, Ameri-	27	25	25	24
can		1	4	4
America, United	3	3	3	3
Transport Workers Union of America	80	80	80	80
Typographical Union, International Upholsterers' International Union of	78	78	79	81
North America	51	52	50	50
Utility Workers Union of America Wallpaper Craftsman and Workers of	53	53	53	51
North America United Weavers Protective Association, Ameri-	1	1	p	
can Wire	1.	1	q	
Woodworkers of America, International	91	58	52	50
Yardmasters of America, Railroad	4	4	4	4
Totals	12,305	12,751	12,671	12,482

NOTE: Affiliated Unions with a paid membership of less than 1,000 were

credited with a paid membership of 1,000.

a. The 2,000 figure is based on per capita payments for 15 months divided

a. The 2,000 figure is based on per capita payments for 15 months divided by the 24-month period.
b. Agricultural Workers Union merged with Amalgamated Meat Cutters & Butcher Workmen of North America on August 16, 1960.
c. Title changed to Industrial Workers of America, International Union, Allied, May 1, 1956.
d. The 40,000 figure is based on per capita payments for 18 months divided by the two-year fiscal period. The union paid per capita for the first 6 worths of 1959 on an average membership of 67,000. months of 1959 on an average membership of 67,000.

e. Reaffiliated with Barbers, Hairdressers and Cosmetologists International Union of America, The Journeymen, July 1, 1956.

f. Merged with Machinists, International Association of, September 1, 1956. g. Merged with State, County and Municipal Employees, American Federa-

tion of, August 1, 1956.

h. Merged into Insurance Workers International Union, AFL-CIO, May 18,

The 15,000 figure is based on per capita payments for 14 months divided by the two-year fiscal period. The union paid per capita for the first 6 months of 1959 on an Average Membership of 25,000.

Disaffiliated, August 21, 1958.

k. Merged into Longshoremen's Association AFL-CIO, International, November 17, 1959.
l. The 46,000 figure is based on per capita payments for 22 months divided

by the 24-month period.

m. Merged into Papermakers & Paperworkers, United, March 6, 1957. n. The 2,000 figure is based on per capita payments for 13 months divided by the two-year fiscal period. The union paid per capita for the first 6 months of 1959 on an average membership of 4,000.

o. Disaffiliated January 1, 1960.

p. Merged with Pulp, Sulphite and Papermill Workers of the United States

and Canada, International Brotherhood of, April 29, 1958. q. Merged with Papermakers and Paperworkers, United, February 16, 1959. r. National Postal Transport Association merged with National Federation of Post Office Clerks on December 6, 1961. Title changed to United Federation of Postal Clerks.

s. International Glove Workers Union of America merged with Amalga-

mated Clothing Workers of America December 6, 1961.

The following unions were expelled from the AFL-CIO at the Second Constitutional Convention in December 1957. Their paid memberships for the years 1955 and 1957 were:

B. C. A. C. W. C.	1955	1957
Bakery and Confectionery Workers International Union of America Cleaning and Dye House Workers, International Associa-	136	137
tion of Laundry Workers International Union	$\begin{array}{c} 17 \\ 72 \end{array}$	18 72
Teamsters, Chauffeurs, Warehousemen and Helpers of America, International Brotherhood of	1,330	1,338
	1.555	1,565

Auditing Department

The AFL-CIO Auditing Department is charged with the responsibility of seeing that Directly Affiliated Local Unions maintain their financial records in conformity with the AFL-CIO Rules Governing Directly Affiliated Local Unions and the AFL-CIO Codes of Ethical Practices, and perform annual audits of the accounts of each local union.

The audit of Directly Affiliated Local Unions is made in accordance with generally accepted auditing standards and includes such tests of the accounts of the local unions and other auditing procedures as we consider necessary in the circumstances.

In order to insure the proper recording and reporting of financial transactions by the local unions, and to render them assistance in the reporting requirements of the various government agencies they are furnished with standard accounting forms. As new reporting requirements have been imposed by various governmental agencies on our Directly Affiliated Local Unions we have supplied them with guidance in completing the required reports.

The cooperation of the officers of Directly Affiliated Local Unions has been excellent, and their assistance has enabled us to proceed smoothly with our audit program.

Defalcations in Local Unions

AFL-CIO auditors found that during the period July 1, 1959 through June 30, 1961 five local unions were guilty of financial irregularities and for failure to comply with the AFL-CIO Constitution, the Rules Governing Directly Affiliated Local Unions and the AFL-CIO Codes of Ethical Practices. The officers of these local unions who were found responsible for these irregularities were immediately removed from office. The bonding company was notified of all financial irregularities and in cases where immediate recovery was not obtained from the officers responsible, a claim was filed.

The total amount of defalcations in these five local unions amounted to \$3,811.91 ranging from \$55.20 to \$2,300. Immediate restitution was received from the guilty officers in the amount of \$3,685.70 representing three local unions and restitution was made by the bonding company on the remaining two local unions.

At the request of a local central labor council an AFL-CIO auditor was directed to audit its financial books and records, in accordance with provisions of the AFL-CIO Constitution and the Rules Governing Local Central Bodies. A shortage of \$1515.85 was established, due to the dishonest acts of the Financial Secretary who was then removed from office. The bonding company was notified of this shortage and restitution was made by the bonding company.

Trusteeship of Local Unions

We have previously reported to you at the 1959 convention that United Match Workers Federal Labor Union No. 18928, Barbeton, Ohio while in the process of disbanding was placed in trusteeship by President Meany to safeguard the funds of this local union. On September 2, 1959 dissolution of this local union was completed and the funds are being held in escrow by the AFL-CIO.

The trusteeship which was placed on the Waste Material Handlers Local Union No. 20467, Chicago, Illinois on December 27, 1956 and reported on at the 1957 and 1959 conventions of the AFL-CIO was removed by President Meany on February 1, 1960.

Hairgoods and Accessories Workers Union No. 21906, New York City was placed in trusteeship on November 3, 1959 by President Meany to protect the funds of this local union. This trusteeship was established due to their failure to follow procedures required of Directly Affiliated Local Unions. On May 27, 1960 this trusteeship was removed.

As of June 30, 1961 there were no Directly Affiliated Local Unions under trusteeship.

Directly Affiliated Local Unions

The AFL-CIO Constitution and the Rules Governing Directly Affiliated Local Unions provides that the integrity of each Directly Affiliated Local Union shall be maintained and preserved.

They further provide that Directly Affiliated Local Unions can voluntarily agree to transfer their affiliation to a national or international union. Such a transfer, however, should be made only where there is some definite similarity as to the type of workers organized by the international union concerned, and in accordance with established policy and procedures.

As of July 1, 1959 there were 507 Directly Affiliated Local Unions with a membership of 108,000. Since then, 115 local unions with a membership of 35,000 have affiliated with international unions. The transfer of these Directly Affiliated Local Unions was effectuated pursuant to existing procedures. The desire of the local union membership for active participation in the affairs of a national union having activities and industry jurisdiction similar to theirs was responsible for such transfers.

During this period 32 Directly Affiliated Local Unions with a membership of 950 disbanded and 3 Directly Affiliated Local Unions with a membership of 45 merged with existing AFL-CIO local unions. Charters were issued to three new Directly Affiliated Local Unions.

On June 30, 1961 there were 360 Directly Affiliated Local Unions with a membership of 71,000.



Structure and Leadership

New Charters Issued

International Longshoremen's Association

The Third Constitutional Convention of the AFL-CIO authorized and empowered the Executive Council of the AFL-CIO to issue a certificate of affiliation to the International Longshoremen's Association at its discretion. On November 4, 1959, the independent International Longshoremen's Association merged with the AFL-CIO International Brotherhood of Longshoremen and in accordance with the convention action, the International Longshoremen's Association, AFL-CIO was chartered November 17, 1959, in accordance with the terms of Resolution No. 174 adopted by the Third Constitutional Convention of the AFL-CIO.

Agricultural Workers Organizing Committee

This committee was formed for the purpose of conducting organizational activities among agricultural workers in the State of California. An organizing committee charter was granted on June 2, 1960.

New Department Authorized

Food and Beverage Trades Department

At its June 1961 meeting the Executive Council received a request from a number of unions in the food and beverage industry for the establishment of a new AFL-CIO trades department to be known as the Food and Beverage Trades Department. This department would be composed of national and international unions organized in whole or in part in the food and beverage industries, including the manufacture, production, processing, sale and distribution of food and beverage products. A proposed constitution was submitted to the council.

Following certain revisions in the draft constitution to define more clearly the organizations eligible for membership, the establishment of this new department was approved by the Executive Council.

At a meeting on October 10, the unions participating in the formation of the department elected temporary officers and scheduled the first constitutional convention for December 2, 1961 in Miami, Florida. An AFL-CIO charter has now been issued to the Food and Beverage Trades Department.

As a result of the issuance of this charter, Article XII, Section 1 of the AFL-CIO Constitution, should be amended to read

as follows:

Section 1. The Trade and Industrial Departments shall be subordinate to the Federation and shall consist of the following: Building and Construction Trades Department; Metal Trades Department; Union Label and Service Trades Department; Maritime Trades Department; Railway Employees Department; Food and Beverage Trades Department; and a department of industrial organizations to be known as Industrial Union Department, and such other departments as may be established by the Executive Council or the convention. . . .

Change in Title

United Packinghouse Workers of America to United Packinghouse, Food and Allied Workers, AFL-CIO

The Executive Council, at its August 1960 meeting, received a request from the United Packinghouse Workers of America to change its title to United Packinghouse, Food and Allied Workers, AFL-CIO.

The Executive Council approved the change in title with the understanding that such action does not change the jurisdiction of the organization as recognized by the AFL-CIO, and specifically does not imply in any way approval of any jurisdictional claims set forth in the Constitution of the International Union.

International Molders and Foundry Workers Union of North America to International Molders and Allied Workers Union, AFL-CIO

By action of its 1961 convention, the International Molders and Foundry Workers Union of North America voted to change its title to International Molders and Allied Workers Union, AFL-CIO, to reflect changes occurring in the foundry industry and in methods and materials employed in molding pipe. At its October 1961 meeting the Executive Council considered the request for approval of this change in title.

The Executive Council approved the change in title with the understanding that such action does not change the jurisdiction of the organization as recognized by the AFL-CIO, and specifically does not imply in any way approval of any jurisdictional claims set forth in the constitution of the international union.

Merger of International Unions

Amalgamated Meat Cutters & Butcher Workmen of North America and National Agricultural Workers Union

The Executive Council was informed at its August 1960 meeting that official letters had been received from the Amalgamated Meat Cutters and Butcher Workmen of North America and the National Agricultural Workers Union, advising that the merger

of these two unions had been completed.

The merger was approved by the Executive Council with the understanding that the merged organization will be known as the Amalgamated Meat Cutters and Butcher Workmen of North America, and the jurisdiction will not be more nor less than the jurisdiction held heretofore by the National Agricultural Workers Union and the Amalgamated Meat Cutters and Butcher Workmen of North America.

Disaffiliation

Radio and Television Directors Guild

The Radio and Television Directors Guild advised that, as of January 1, 1960, it had merged into the Screen Directors Guild, Inc. Under the terms of the amalgamation, the merged organization is to be unaffiliated.

Terminations of Monitorships

The United Textile Workers of America and the Distillery, Rectifying and Wine Workers International Union have been released from monitorship, as of February, 1960 in the case of the Textile Workers and January, 1961 in the case of the Distillery Workers, upon the finding that these organizations were conducting their affairs in keeping with the ethical standards of the AFL-CIO.

Changes in Officers

Death of Vice President Charles J. MacGowan

Charles J. MacGowan, president emeritus of the International Brotherhood of Boiler Makers, Iron Ship Builders, Blacksmiths, Forgers and Helpers, died on October 25, 1960 at the age of 73. Vice President MacGowan had served as a member of the Executive Council since 1947.

Election of Vice President William A. Calvin

In conformity with the authority conferred upon the Executive Council, Article V, Section 6, of the AFL-CIO Constitution, the council at its meeting in February 1961, elected William A. Calvin, president of the International Brotherhood of Boiler Makers, Iron Ship Builders, Blacksmiths, Forgers and Helpers, to fill the vacancy existing on the council by reason of the death of Vice President Charles J. MacGowan.

Recommended Amendments to Section 9, Article V of the Constitution

At its October 1961 meeting, the Executive Council considered and approved a report submitted by a subcommittee of the council previously appointed to study possible revision of Section

9 of Article V of the AFL-CIO Constitution.

This report expressed the strong conviction that Section 9 fails to provide against the consequences of the death of an executive officer who had attained eligibility for retirement under its provisions, but whose death preceded that of his spouse. and failed to give proper assurance that its provisions with respect to retirement compensation would be completely effective for the duration intended therein. It, therefore, recommended to the Executive Council that the council approve the presentation to the Fourth Biennial Convention of the AFL-CIO for its consideration and action of amendments to Section 9 which would provide adequate retirement compensation to executive officers under the present conditions for retirement set forth in Section 9, but would, in addition, make adequate financial provision for the surviving widow of any such executive officer, by way of an annuity, in the event such executive officer after obtaining eligibility for retirement should die, either before or after retirement, and, further, would instruct, authorize and direct the Executive Council of the AFL-CIO to enter into legal and binding agreements to make the retirement compensation and annuity benefits, so provided, payable by the Federation in the amounts and for the duration intended by the provisions of Section 9 as so amended.

New Standing Committee on Organization

In May 1960 a subcommittee of the council, consisting of Vice President Walter P. Reuther, chairman, together with Vice Presidents L. M. Raftery and James Suffridge, was appointed to study the question of organizing. At its meeting in February 1961 this subcommittee submitted the following report together with recommendations which were adopted by the council at

that time.

"Growth is the key to the future of the American economy. Only as we achieve the dynamics of adequate economic growth and expansion can we achieve and maintain full employment and full production in the age of automation and accelerated technological change. Likewise, growth is the key to the future of the American labor movement, for only as we achieve adequate growth can the labor movement represent the kind of dynamic economic and social force essential to enable our free society to meet the increasingly complex problems that will confront us in the period ahead.

"The labor movement should move to achieve the necessary

growth to meeting the twin problems of an expanding work force and the rapid shift in the character of the work force. Figures compiled by the Organizational Department and the Research Department of the AFL-CIO, using government reports as its source material, clearly indicate that there is smaller percentage of the total work force organized today than was the case at the time of the merger of the AFL and CIO in December, 1955. In the period of 1950-1960, the work force increased by approximately 850,000 average per year. During the next ten years it is estimated that 13,500,000 new workers will enter the labor market, or an average of 1,350,000 per year. The American labor movement faces not only the increased dimensions of this problem but it faces the additional difficulties and complexities of the problem of the decreasing ratio of workers in the organized (blue collar) group as contrasted to the ratio of workers in the unorganized (white collar) group.

"In 1950 blue collar workers constituted 41 per cent of the work force and white collar workers 37 per cent. By 1959 the white collar group had increased to 41 per cent and the blue collar group had decreased to 37 per cent of the work force. (In each case the remainder of the work force is accounted for by service and farm employment.) This dramatic shift in the character of the work force will be accelerated as the technology of automation and electronic computers are applied more broadly and the full impact of the second phase of the Industrial Revolution is extended to new fields and applied in greater depth to

the basic industries.

"The American labor movement can continue to ignore these basic facts only at great peril and loss of influence not only at the bargaining table, but more importantly, in the broad areas in our national life where economic and social problems must be solved and community and national responsibilities must be met.

"Your committee shares the view that the Federation and its affiliated unions must devote increasing attention and commit greater resources to the problem of organizing the unorganized. An essential prerequisite to maximum effectiveness in the organization of the unorganized is to work out appropriate internal machinery within the Constitution of the AFL-CIO to resolve jurisdictional disputes which dissipate both resources and good will. As a preliminary step until a more comprehensive, cooperative and coordinated organizational program can be developed, your committee recommends the following:

"1. The Executive Council shall establish a permanent standing Committee on Organization. Such committee shall be representative in character and shall in consultation with the executive officers of the Federation and the Director of Organization develop programs and policies to assure a more effective and adequate effort in meeting the challenge of organizing the un-

organized and shall report such programs and policies to the

Executive Council for its consideration.

"2. The Executive Council shall convene working meetings of the General Board periodically or at least once a year to facilitate the broadest possible discussion of the problems of organization of the unorganized among a wide cross section of the top leadership of all affiliated unions. Such meetings should stimulate a greater sense of urgency and should result in greater effort and resources being committed to organizational work. The free exchange of ideas and the mutual discussion of common problems in such a working leadership conference would bring about better understanding, increase good will, and achieve a broader measure of cooperation in the practical job of organizing the unorganized.

"3. The Organizational Department would be instructed to work with all affiliates in efforts to encourage the development of joint cooperative and coordinated organizational projects in the various areas in which there is a great organizational potential. Such joint cooperative and coordinated organizational projects would be encouraged to work out specific organizational targets in order to avoid the dissipation of organizational resources and would provide the practical mechanism for coordinating organizational activities and for achieving the maximum effectiveness in the utilization of manpower and organizational

resources.

"4. The Organizational Department is instructed to provide organizational assistance to all affiliates within the limits of its resources and to encourage all affiliates to join in a cooperative and coordinated effort to organize the unorganized. Where the Organizational Department of the Federation is providing organizational assistance to one or more affiliates engaged in organizational work it shall be the expressed policy of the Federation to continue such organizational assistance and to deny the right of any affiliate to block such organizational assistance by the exercise of a paper claim to jurisdiction or for reasons of a completely negative obstructionist attitude. It being understood, however, that where an affiliate feels it has a proper and legitimate equity which is being ignored by the Organizational Department such affiliate may seek redress by appealing to the Director of Organization or by requesting the matter be reviewed by the President of the Federation for decision.

"5. Your committee fully sympathizes with the view of the Director of Organization and recognizes that the present organizational staff is inadequate to meet our organizational needs, but we feel that the decision with respect to staff must follow from the Executive Council's decisions on the over-all question

of finances."

As a result of this action, Article XIII of the Constitution should be amended by adding a new subsection O under Section

1 and changing the present subsection O to read subsection P;

the new subsection to read:

(O) The Committee on Organization, in consultation with the executive officers and the Director of Organization, shall develop programs and policies to assure a more effective and adequate effort in meeting the challenge of organizing the unorganized and shall report such programs and policies to the Executive Council for its consideration.

Issuance of Federal Charters to Teamsters Locals

At its meeting on October 11, 1961, the Executive Council

adopted the following resolution:

"It is the sense of this meeting of the Executive Council that the executive officers are empowered to use their judgment as to the issuance of Federal Charters to local groups who leave the Teamsters International Union and who indicate a desire to join the ranks of the AFL-CIO and to give those groups all the support that an affiliate of the AFL-CIO is entitled to receive."

General Board

The General Board, under the provisions of the AFL-CIO Constitution, consists of all members of the Executive Council, and the president or principal officer of all national and international unions and each trade and industrial department. The General Board, under the Constitution meets at least once a year at the call of the President, to decide "all policy questions" referred to it by the executive officers or the Executive Council.

The 1960 meeting of the General Board was held at the Statler Hotel in Washington, D. C., August 26, 1960. The Executive Council referred to the General Board the responsibility of weighing the record of the Democratic and Republican parties, their platform commitments and the individual record of the candidates for President and Vice President of the United States, and of determining the AFL-CIO position. At this meeting, the General Board adopted a statement analyzing the platform of the two major parties, and endorsed the candidacy of John F. Kennedy and Lyndon B. Johnson for President and Vice President of the United States.

The 1961 meeting of the General Board was held at the Commodore Hotel in New York, N. Y., October 9, 1961. The entire meeting was devoted to the analysis and discussion of problems confronting the trade union movement in carrying out its organizational activities.

Progress of Mergers at State and City Level

With the merger of the state central bodies in New Jersey on September 25, 1961, merger at the state level was completed in all the states. At the local level, mergers have been achieved among all central bodies, except in two local areas. In those two areas, the charters of a total of five central bodies were revoked when they failed to show sufficient progress toward merger, by the October 1, 1961 deadline established by Executive Council resolution, to warrant any further extension of time. In these cases, the organization of new merged central bodies is now proceeding under the direction of the AFL-CIO Regional Offices.

Selection of Fraternal Delegates

Upon receipt of an official invitation from the British Trades Union Congress to the 1960 Congress on the Isle of Man, September 5-9, 1960, the Executive Council selected Vice Presidents David J. Mc.Donald and Lee Minton to represent the AFL-CIO as fraternal delegates to the British Trades Union Congress.

In 1961, upon receipt of an official invitation from the British Trades Union Congress, the Executive Council selected Vice Presidents Karl Feller and George M. Harrison to represent the AFL-CIO as fraternal delegates to the British Trades Union Congress in Portsmouth, September 4-8, 1961.

Upon receipt of an official invitation from the Canadian Labour Congress, the Executive Council selected Vice President George M. Harrison as fraternal delegate to represent the AFL-CIO to the Canadian Labour Congress in Montreal, April 5, 1960.

Investment Department

The Executive Council at its August 1960 meeting authorized and directed that an Investment Department be established by the AFL-CIO.

This department was created in January 1961 to advise and assist the affiliates of the AFL-CIO with their current investment problems.

The primary purpose is to encourage and recommend to the various affiliates the social and investment advantages of the government insured and guaranteed mortgage and construction loans as an investment for the reserves of pension, welfare and trade union funds.

Alexander Bookstaver, formerly controller and investment advisor of the International Ladies Garment Workers Union, was named the director of this new department.

The basic idea behind this action is to put labor's funds to work in the housing field for the purpose of:

- 1-Stimulating housing.
- 2-Stimulating employment.

3—To provide a higher interest return for trade union funds 4—To make available mortgage financing at reasonable interest rates.

There is still a great and continuing social need to provide housing in many areas of this country; the collateral benefits of mortgage investments stimulate the national economy by increased building activity, which in turn provides employment for building trades members and other industries which supply the equipment, furnishings and appliances necessary for todays new homes.

Government insured and guaranteed mortgage loans provide maximum safety of principal and offer higher rates of interest return which substantially increases the income available for services to members.

A future supply of money from the reserves of trade union funds will tend to discourage the practice of discounting mortgages by the usual lending institutions and will provide a continuing source of funds at realistic and stabilized interest rates within the levels permitted by federal agencies.

Since the original announcement from President Meany's office that the many affiliates of the AFL-CIO would be encouraged and advised to channel a portion of their reserve funds into government protected mortgage loans, there has been a tremendously favorable reaction from all areas of the country. Many complimentary letters and messages have been received from organizations which are interested in providing decent housing for all family units at reasonable costs and constructed by union labor.

Many proposals are submitted to this new department requesting financing for many worthwhile urban redevelopments, middle income housing, and single family dwellings. If the proper financing can be arranged at reasonable interest rates, many of the proposed projects could be constructed.

There have been many inquiries from affiliates concerning mortgage loan investments. These inquiries have been answered either by letter or at meetings with trustees of funds or the executive board of the affiliate. Some affiliates are considering mortgage investments and in a few instances, small mortgage portfolios have been acquired.

Other affiliates appear hesitant and have not in any way considered mortgage investments or lent any encouragement to the proposed program.

As this new program dealing with mortgage loans can be most effective if coordinated through a central office, the Executive Council authorized the creation of this department to advise and assist all affiliates of the AFL-CIO without expense or fee to such affiliate desiring to avail itself of this department.

State And Local Central Bodies

A new office of Coordinator of State and Local Central Bodies was created by the AFL-CIO in 1960 and began functioning

April 4 of that year.

As a result of discussions at the 1959 AFL-CIO convention a National Conference of State Central Body Officers was held in Washington on January 7, 8 and 9, 1960 to examine the problems which confront the AFL-CIO Central Bodies and to devise a program for helping them meet the increasing demands being placed on them, particularly in the fields of legislation, political action and community relations.

A second national conference was held in December 1960 with particular attention directed to legislative problems. A third national conference is planned for December 6, 1961, to be held in conjunction with the Fourth Constitutional Convention of the

AFL-CIO.

The first conference in January 1960 adopted a resolution suggesting several steps by the AFL-CIO for "improving the work of the state and local central bodies and providing for closer coordination between the AFL-CIO and these organiza-

tions." The steps suggested were as followed:

"1. AFL-CIO should establish in its Washington headquarters the office of Coordinator of State and Local Central Bodies with the responsibility, under the general supervision of the President, for coordinating state and local central body activities and assisting them in the handling of major problems they encounter. The coordinator should be assigned exclusively to this major responsibility and preferably should be an assistant to the President.

"2. This office should formulate programs and procedures that will assist state and local central bodies to obtain maximum

affiliation.

"3. A reporting system should be adopted which provides that all state and local central bodies shall report annually to the AFL-CIO national headquarters on income, expenditure, affiliates, unaffiliated locals and the principal activites for the period covered in the report. Printed forms should be supplied by the AFL-CIO for such reports.

"4. The AFL-CIO should establish, and the President appoint, an Advisory Committee, composed of principal officers of an adequate number of state and local central bodies, the President of the AFL-CIO, the state and local central bodies' coordinator, the Director of COPE, the Legislative Director and the Director

of Organization.

"5. An administrative letter should be sent by the President of the AFL-CIO to all state and local central bodies outlining the administrative programs and procedures adopted as a result of this meeting.

"6. Such meetings as this [national conference] should be held annually under the chairmanship of the President of the AFL-CIO."

Coordinator and Advisory Committee

In keeping with these recommendations, President Meany announced on February 26, 1960 the appointment of Stanton E. Smith, at that time president of the Tennessee State Labor Council, to the office of coordinator and concurrently appointed the following Advisory Committee:

President George Meany, chairman

Stanton Smith, Coordinator of State and Local Central Bodies C. J. Haggerty, at the time secretary-treasurer of the California Labor Federation; now president of the Building Trades Department. AFL-CIO

August Scholle, president, Michigan State AFL-CIO

Mitchell Sviridoff, then president, Connecticut State Labor Coun-

John Rollings, president, Missouri State Labor Council

Harry Van Arsdale, president, New York City Central Labor Council

Fred A. Erchul, secretary, Milwaukee County Labor Council

A. J. Biemiller, legislative director

John W. Livingston, director, Department of Organization

James L. McDevitt, national director of COPE.

Three changes were made in the Advisory Committee in 1961: Thomas L. Pitts, secretary-treasurer of the California Labor Federation replaced C. J. Haggerty; Joseph M. Rourke, secretary-treasurer of the Connecticut State Labor Council replaced Mitchell Svirdoff; Miles C. Stanley, president of the West Virginia Labor Federation was added to the committee.

Affiliation Campaign

The decision of the Advisory Committee was that the first project to be undertaken should be a national campaign to secure maximum affiliation of local unions with both state and local central bodies. National and international unions have been requested to supply rosters of their local unions. As of October 1, 1961 99 national and international unions have supplied lists of their locals with names and addresses of the secretaries. Ninety-eight of these lists have been completely processed. The initial check by the state federations shows that only 48.5 percent of 33,327 locals were affiliated with their respective state federations. However, the total affiliated membership as reported by the state federations is 8,281,800. This figure includes members of all national and international unions, not just the 98 whose lists of local unions have been checked.

Cooperation of the international unions, through their interna-

tional representatives and organizers and direct communications to their unaffiliated local unions, combined with the work of the state federations and the regional directors of the AFL-CIO and their staffs, are beginning to bring about some improvement in the affiliation picture. But much work remains to be done if an acceptable level of affiliation is to be achieved and maintained.

The affiliation campaign for local central bodies was started late in January 1961. Lists of unaffiliated locals from 341 city and county central bodies, about 40 percent of the total, have been received as of October 1, 1961. These lists contain 8,561 local unions which are not affiliated at the local level. The appropriate national and international unions have been notified, with requests for aid in securing affiliation at the local central body level. Here also progress has been made, but the main task lies ahead.

The annual reports from state and local central bodies filed during the first half of 1961, while the affiliation campaign was in its early stages, show that 1,362 local unions have affiliated with state federations and 505 local unions have affiliated with local central bodies as a result of the affiliation campaign. The figure for local central bodies is based on reports from approximately half of the 820 local councils. These affiliations represent only a small fraction of the potential.

The problem of affiliation at both the state and local levels can be solved only with full support from the national and international unions and vigorous action on the part of the central

bodies.

Annual Reports

Beginning with 1961 a system of annual reports has been inaugurated. The 1961 report consists of three parts: (1) Financial Information; (2) Officers and Personnel; and (3)

General Information.

The information from the annual reports will form a basis for judgment respecting future activities for the Office of the Coordinator. Much of this information will be useful to the central bodies in developing their own programs and in working out solutions of their problems. The AFL-CIO will have a clearer and an up-to-date picture of the situation in the 50 state federations and the more than 800 local central bodies, and thus a better idea of things which can be done to assist these organizations.

Per Capita Dues Structure

One of the major problems confronting the central bodies is that of financing an adequate program of activities. This problem is most pressing in those central bodies with small membership. There has been a decided upward trend in per capita taxes levied by central bodies in recent years. The current situation in the states is shown by the following table, the most striking feature of which is the wide range of per capita dues charged by the state federations:

TABLE NO. 1
PER CAPITA DUES STRUCTURE—STATE CENTRAL
BODIES—OCTOBER 1, 1961

*All rates combined with special assessments and adjusted to Annual basis for purposes of comparison.

Rank in descending order of amount	State	Affiliated Membership in thousands	* Annual per capita dues rate	
1	Nevada	17.8	\$3.00	
2	Mississippi	23.1	2.70	
3	Alaska	8.4	2.40	
3	Louisiana	59.0	2.40	
3	Wyoming	8.0	2.40	
6	Idaho	20.0	2.04	
7	Alabama	94.3	1.96	
8	Arizona	48.0	1.801	
8	Kansas	53.0	1.80	
8	New Mexico	14.0	1.80	
8	North Dakota	6.5	1.80	
8	Oklahoma	38.1	1.80	
13	West Virginia	51.5	1.69	
14	South Dakota	9.1	1.50	
15	Minnesota	175.0	1.44	
16	Nebraska	33.5	1.38	
17	Arkansas	31.3	1.20	
17	Colorado	63.4	1.20	
17	Delaware	19.5	1.203	
17	Florida	75.0	1.20	
17	Georgia	41.0	1.20	
17	Hawaii	14.5	1.20^{3}	
17	Montana	17.8	1.204	
17	North Carolina	39.0	1.20	
17	Oregon	109.1	1.20	
17	Utah	20.0	1.20	
17	Vermont	9.0	1.20	
28	Virginia	61.5	1.08	
28	Wisconsin	233.7	1.08	

TABLE NO. 1 (Cont'd.)

Rank in descending order of amount	State	Affiliated Membership in thousands	* Annual per capita dues rate	
30	30 Maine		.96	
30	Tennessee	95.0	.96	
30	Texas	190.0	.96	
30	Washington	200.0	.96	
34	Iowa	57.7	.90	
35	Kentucky	90.5	.84	
35	Maryland-D. C.	160.0	.84	
35	Michigan	600.0	.84	
38	Connecticut	158.3	.72	
39	California	816.2	.605	
39	Indiana	325.0	.60	
39	Massachusetts	300.0	.60	
39	Missouri	243.1	.60	
39	New Hampshire	27.4	.60	
39	Ohio	600.0	.60	
39	Rhode Island	55.0	.60	
39	South Carolina	21.5	.60	
47	Illinois	850.0	.48	
48	New Jersey	455.1	.406	
49	Pennsylvania	675.0	.36	
50	New York	900.0	.24	
50	Puerto Rico	9 990 C	.24	
	Total	8,239.0		

Midpoint: \$1.20 (10¢ per month)

Most common rate: \$1.20 (10¢ per month) Range: \$.24 to \$3.00 (2¢ to 25¢ per month)

¹ \$1.20 separate per capita for COPE ² \$.60 separate per capita for COPE

³ Hawaii has no State Central Body. The Honolulu Central Body accepts affiliations from unions throughout the Islands.

^{\$.50} separate per capita for COPE \$ 3.36 separate per capita for COPE

⁶ May be increased to not more than \$.50 by Executive Board in financial emergencies.

⁷ Per capita for local unions directly affiliated to the AFL-CIO is \$.60.

The per capita dues structure of the local central bodies is indicated by the following summary for 454 city and county councils:

TABLE NO. 2
PER CAPITA DUES STRUCTURE—LOCAL CENTRAL
BODIES—SEPTEMBER 1, 1961

*All rates given on Annual Basis

Annual Per Capita Dues Rate	Number Central Bo		
\$6.00	1		
3.00	3	Midpoint:	\$.60 (5¢ per mo.)
2.40	2	Most frequent:	\$.60 (5¢ per mo.)
2.10	1	Range:	\$.12 to \$6.00
1.80	11		(1¢ to 50¢ per mo.)
1.68	1		
1.62	1		
1.56	1		
1.50	1		
1.44	4		
1.20	74		
1.08	2		
.96	21		
.90	4		
.84	17		
.72	18		
.60	143		
.48	39		
.42	1		
.36	51		
.30	2		
.24	40		
.18	3		
.12	13		
TOTAL	454		

Table No. 1 shows very clearly that, for the most part, it is the states with small affiliated membership which have the highest per capita taxes. It might be argued that affiliated membership is small because per capita dues are high. However, the level of affiliation does not seem to bear any direct relationship

to the amount of per capita dues.

The fact is that in many states a minimum program of activities cannot be supported, even with complete affiliation, except by a relatively high per capita dues rate for the reason of small population and, therefore, small union membership. The high per capita dues is in reality an expression of the desire of the labor movement in those states to maintain their state organizations and to advance the program of the AFL-CIO.

State Officers and Personnel

State federations have an average of three executive officers and generally from 16 to 20 executive board members in addition to the executive officers. The average term of office is two years, with a minimum of one year, and a maximum of four years.

The term "executive officer" does not necessarily mean a "full-time" employed officer. Forty-seven states do have full-time officers, 39 have full-time office personnel, and 22 have full-

time staff directors.

State federations employ from one to eleven office workers. The average is three, with the general level being two.

Compensation Levels, State Federations

Salaries of chief executive officers range from \$700 (parttime) to \$25,000 (in one case) with the average being from \$8,000 to \$12,000 per year. Salaries of other executive officers employed full-time average about \$8,000 to \$10,000 while those

of staff directors average about \$7,000 to \$8,000.

Weekly salaries of office employes range from \$17 (for parttime) to \$132.50. The general level is from \$80 to \$100 per week. These salaries cover a wide range of duties and classifications. Salaries of secretaries tend to run higher than the general level, while those of stenographers and clerks run below. There are also differences which reflect the prevailing office salary levels in different communities and regions.

Local Central Body Officers and Personnel

Based on reports from 427 of the approximately 820 local central bodies, we find that they have an average of four executive officers and generally between 5 and 15 executive board members in addition to the executive officers. The average term of office is one year—with three years being the longest.

Ninety-five Local Central Bodies (22.2 percent) have full-time officers and/or employes. One hundred seventy-one (40 percent) have part-time officers and/or employes only. Fourteen (3.3 percent) have staff directors and 147 (34.4 percent) have office employes. The average number of employes is one.

Compensation Levels, Local Central Bodies

Annual salaries of chief executive officers vary from \$50 (for part-time) to \$18,000 with the average being from \$7,000 to \$10,000. The general level for executive officers employed full-time is \$7,000 to \$10,000. Staff directors average about \$8,000 to \$9,000.

Weekly salaries of full-time office employes range from \$5 (for part-time) to \$150. The general level, from \$80 to \$100

per week, is the same as for state central bodies.

National Essay Contest on Employment of the Physically Handicapped

This contest, now in its fifteenth year, is sponsored by the President's Committee on Employment of the Physically Handicapped and cooperating Governors' Committees in forty-three states, the Virgin Islands, Puerto Rico and the District of Columbia.

A state winner is selected in each of these jurisdictions and five of them are picked as national winners. Prizes for the national winners are awarded by the Disabled American Veterans.

The AFL-CIO and the state councils have, for the past two years, sponsored a trip to Washington for the state winners with the state federations paying the cost of transportation plus \$100 for hotel and incidental expenses, and the AFL-CIO entertaining the winners with a luncheon and a conducted tour through the AFL-CIO building and other points of interest. Each winner has also been given a souvenir of the trip.

This project is being continued for 1962.

Organizing Activities

Beginning with the merger convention in December 1955, every AFL-CIO convention has expressed by resolution the commitment of the labor movement to the mission of organizing unorganized workers. It is the function and responsibility of the AFL-CIO Department of Organization to pursue programs

based on that commitment.

In compliance with this responsibility, the entire staff of the department has engaged in organizing activities on behalf of the parent federation, affiliated national and international unions, and chartered AFL-CIO departments. In addition, the department has continued to impress upon all segments of the movement the necessity and urgency of maintaining a high level of organizing activity, the most recent instance being Director John W. Livingston's presentation of a report to the October 9, 1961, meeting of the AFL-CIO General Board convened especially to examine organizing problems.

The NLRB

To organizing-minded unions the National Labor Relations Board is probably the most important federal agency. The personnel of the board and the manner in which its legislative basis, the Labor-Management Relations Act, is administered, have a decided impact upon union organizing accomplishments.

For the last eight years the act has been administered in a manner inimical to trade union advance. With the appointment this year of a new chairman and an additional member by President Kennedy, a halt to the glaring anti-union bias previously noted seems to have been made. Indications are that the board now is returning to its intended role as a neutral factor to facili-

tate the processes of free collective bargaining.

Procedural changes adopted by the board this year, in conformity with authority granted it by the Congress, delegated to NLRB regional directors authority to order representation elections. This has already reduced the time lapse between hearings and elections by more than half. Since delay has been exploited by anti-union management to cripple organizing efforts, this development should have beneficial effects.

Organizing Results

In the 27-month period ending June 30, 1961, covering the interval since preparation of the Executive Council report to the 1959 convention, AFL-CIO unions have taken part in 9,894 NLRB collective bargaining elections. They won 5,208, for a victory record of 52.6 percent. Through these elections, AFL-CIO affiliates won bargaining rights for approximately 377,000 persons.

These gains were made in the face of the continued anti-union labor campaign begun shortly after merger, and highlighted by renewed, company-inspired, encouraged or approved violence against union representatives, passage of the Landrum-Griffin Act and institution of new, coordinated efforts to promote local, state and national legislation aimed at destruction of the labor

movement as it is presently constituted.

Anti-Labor Campaign Intensified

Use of violence against union representatives has occurred in at least eight states in recent years. The latest incident took place in Ellijay, Ga., where two organizers of the American Federation of Hosiery Workers, AFL-CIO, were attacked by a knife-and-club wielding mob. The thugs, who initiated the attack in the center of town, continued their assault even inside the police station where the union representatives had fled for protection. Both men promptly were arrested following the beating, and despite injuries serious enough to require subsequent hospitalization, were held incommunicado for 24 hours on

charges of "inciting to riot." Their assailants, including those who continued the assault inside police quarters, remain "unidentified."

To destroy the effectiveness of unions hostile managements, collaborating with pliant public officials, have not hesitated to besmirch the reputation of honorable men or even to plot their imprisonment. An infamous example was the imprisonment of Boyd Payton, highly respected officer of the Textile Workers Union of America, who was arrested with six active participants in the Harriett-Henderson Mills strike on "conspiracy charges."

Convicted and sentenced to varying terms amidst circumstances that aroused protests both from within and without the labor movement, the seven union representatives have been released after their sentences were reduced by the new North Carolina governor.

In the meantime, the hard fought strike was ended, a 14-year "ideal" labor-management relationship was ruptured and community scars were left that may never heal. The back of a militant local union was broken accomplishing the apparent goal of a determined management.

Breaking the union has become the open objective of many employers today. To assist them in their effort there is an ample supply of trained union-busting experts—lawyers, public relations professionals, "labor consultants."

The use of such professionals, the cooperation of local public officials, the maladministration of the NLRB, have combined to create in some areas a situation in which, as President Meany stated, "it is all but impossible for workers to form unions . . . where the employer is willing to mobilize and make use of all the legal weapons at his command to oppose unionization."

New Organizing Directions

To meet the challenge requires intensive, coordinated effort, money and capable organizing personnel. No single union possesses the resources it needs to organize its field to the full. Combined effort is required.

Towards this end, starting in January 1961, area organizing conferences have been held throughout the nation under joint sponsorship of AFL-CIO regional directors and the central bodies within their regions. Some 270 such meetings have been held with over 5,000 union leaders participating.

As a result of these conferences, and follow-up meetings, many central bodies have reactivated dormant organizing committees, while some have established organizing committees for the first time. Agreements have been reached on organizational targets, some of which already have been won as a result of coordinated campaigns.

Interest in Organizing Rising

There has been an increase in interest in organization on the part of working men and women. This is evidenced by elections won in locations where failure has marked previous organizing efforts, in closeness of union defeats in some traditionally hard-core, anti-union bastions and in the increased activity of unions in response to renewed worker interest.

Since 1958 there has been a steady annual increase in the number of election petitions filed with the National Labor Relations Board, from the quarterly average of 1,624 in 1958 to the

current quarterly average of over 2,400 in 1961.

AFL-CIO organizing staff statistics also indicate the level of area organizing activity on the part of AFL-CIO affiliates. In the 28-month period ending August 31, 1961, AFL-CIO organizing staff members provided over 50,000 man-days to AFL-CIO national and international unions, in organizing campaigns and related activities, while an additional 1,800 man-days were given to AFL-CIO trade departments. Another 21,000 man-days were expended assisting directly affiliated local unions and central bodies.

Farm Workers Organizing

In spring of 1959, an organizing committee began operating among agriculture workers in California's Central Valley. In June 1960, it was formally chartered by AFL-CIO as the Agriculture Workers' Organizing Committee.

In its two years existence the AWOC contributed greatly to a substantial increase in the income of California field workers and helped bring to the attention of the American public the special compelling economic and social needs of farm workers.

At the June 1961 meeting of the Executive Council it was decided that "full authority" would be granted "to the Executive Officers to handle the agricultural workers' situation in California, including full authority to cause an orderly transfer of the membership of the chartered Agricultural Workers Organizing Committee to an appropriate international or national union of the AFL-CIO." The AWOC office will remain open and continued work will be carried on by the AFL-CIO staff in cooperation with the unions that now have jurisdiction in the area.

The Continuing Challenge

In the 1957 convention report, reference was made to the challenges represented by the growth of the white collar work force. This growth, both numerical and percentage-wise, has continued at an accelerated pace. Today, the numerical superiority of white collar workers over blue collar is self-evident. Not only has there been growth in the white collar industries, but even in traditionally blue collar employment the white collar segment has grown while the blue collar sector has diminished.

There can be no doubt that the American labor movement must reach deeper into white collar ranks if it is to continue to maintain its present influence and its present ability to bargain effectively for its members.

Money and manpower are indispensable ingredients for organizing. These must be forthcoming in greater supply if the organizing challenge of today is to be met.

Organizationally speaking, jurisdiction is one of the most troublesome elements in the foreseeable future. In the area organizing conferences discussed elsewhere in this report, invariably the question of jurisdictional rivalry was raised.

Unless some common sense, reasonable method is adopted to resolve the question of organizing rivalry, necessary organizing

progress will not be made.



Economic Situation

The rapid upturn in economic activities since last February represents welcome improvements after the recession of 1960-1961. But there is still a long way to go before the present economic advance can reach full employment and maximum use of productive capacity. Policies must be developed, therefore, to carry the present upturn forward to sustained full employment and a rapid rate of economic growth.

The record of economic developments in the United States since 1953 indicates that sustained full employment is difficult to achieve. It certainly cannot be attained automatically. Yet this goal is essential, not only for the welfare of the American people, but also to enable the nation to meet its defense and international obligations, as well as its increasing public-service

needs at home.

How can the rapid pick-up from the recession be maintained? How can the American economy get off the rollercoaster of frequent recessions onto a course of full employment and a fast pace

of economic growth?

The development of positive responses to these crucial questions should be the major objective of national economic policy in the months ahead.

The Shape of the Pick-Up

Let us, first, see where the economy is at present and where it

is heading.

The major forces behind the upturn from the 1960-1961 recession, thus far, have been federal government programs and the rebuilding of business stocks of goods on hand. These forces were mainly responsible for the \$15.3 billion rise in the yearly rate of total national production between the first (January-

March) quarter of 1961, when the recession was at its low-point, and the second quarter—a 2.8 per cent increase in the real volume of production, after accounting for price changes. The increase in national production continued at a somewhat slower

pace in the third (July-September) guarter of 1961.

This upturn is expected to advance through the second (April-June) quarter of 1962—largely based on the expectation that consumer spending and business investment in new plants and machines will pick up rapidly in the coming months, bolstered by continuing increases in defense expenditures and in the accumulation of business inventories. In the year between the second quarters of 1961 and 1962, the major sources of anticipated economic strength are:

• Federal expenditures for goods and services are continuing to rise, under the impact of additional defense appropriations since the onset of the Berlin crisis. These expenditures, in the second quarter of 1962, are expected to be up about \$6.5 billion

(yearly rate) from the same period of 1961.

• With sales and profits rising, business investment in equipment and in industrial and commercial construction is picking up, after having declined during the recession. Such outlays will probably be about \$6 billion (yearly rate) greater, in the April-June quarter of 1962, than a year earlier.

• With the aid of government programs, home-building is expected to rise in the coming months. By the second quarter of 1962, expenditures for home construction may be up by a yearly rate of about \$2.5 billion from the same period of 1961.

• Retail sales have increased only slightly since the recession low-point, but they are expected to pick up. If consumer spending increases, as it did when the economy moved up from the 1958 recession, these expenditures, by the April-June quarter of 1962, will be about \$22 billion (yearly rate) above the second quarter of 1961.

• Assisted by federal grants-in-aid to the states and local governments, the continuing rise of state and local government expenditures should bring them, by the second quarter of 1962, to a yearly rate of about \$4 billion or somewhat more above the

same period of the previous year.

 Since production and sales are expected to continue to rise, businessmen will probably continue to add to their inventories

at a fairly rapid rate in the second quarter of 1962.

These sources of strength are expected to push total national production from a yearly rate of \$516 billion in the second (April-June) quarter of 1961 to a rate of about \$540 billion in the fourth (October-December) quarter and perhaps to a rate of over \$560 billion in the second (April-June) quarter of 1962. Should these developments come to pass, they would add up to a rise of about 10.5 percent in the real volume of national output, after accounting for price changes, in the fifteen months between

the recession low-point in the first quarter of 1961 and the second

quarter of 1962.

The improvement in economic activities indicated by these rather optimistic forecasts, should not be confused with boom conditions. The projected rise in economic activities to the second quarter of 1962 is hardly any greater than the increase in real national output, during a similar period of time, when the economy moved up from the 1958 recession. It is fully recognized that the upturn from the 1958 recession was incomplete and inadequate.

While the rapid rise in sales and output is producing a sharp rebound in profits, employment is increasing slowly. Corporate profits shot up 14 percent in the second quarter of 1961 as the upturn got under way and they are continuing to rise rapidly at present. The reasons for the sharp increase of profits, in recent months, are rising sales, rapidly increasing productivity

and reduced unit production costs.

The pick-up in employment, however, has lagged far behind the increase in production and sales. In manufacturing, which was hardest hit by the recession, for example, production rose 12 percent from February to August, while employment in-

creased only 4 percent.

Much of the rise in production, during the early months of an upturn from a recession, is based on a sharp increase in output per manhour of work, so that production increases much faster than jobs. In addition, employers prefer to return toward full work-week schedules, before recalling any large number of laid-off workers or hiring new employees. As a result, improvements in employment lag behind the rise in output.

Improvements in unemployment are much slower than even the lagging increase in employment, as the economy picks up from a recession. While employment increases slowly, the labor force is increasing rapidly. Young people are joining the labor force in large numbers. It takes rapid and continuing increases in sales and production, over many months, before unemploy-

ment is reduced.

For these reasons, unemployment remained at close to 7 percent of the labor force in September—no improvement, six months after the upturn started. The present decline in joblessness may be too slow and much too brief to reduce unemployment to minimum levels.

Should total national production reach a yearly rate of \$540 billion in the fourth (October-December) quarter of 1961, the number of unemployed will move down to only about 6 percent of the labor force.

If continued improvements in production, sales and employment bring total national output up to a yearly rate of over \$560 billion in the second quarter of 1962, the number of unemployed will probably decline to only about 5.5 percent of the

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labor force or somewhat less—not much better than the 5.6 percent unemployment rate in 1954, which, in contrast with the expectation for 1962, was a recession year.

Unemployment, therefore, will remain at high levels in mid-1962, after almost a year and a half of upturn from the reces-

sion of 1960-1961.

Measures Needed to Avoid the Rollercoaster

It will take a continuing and rapid advance of economic activities through the second half of 1962 and the first six months of 1963, before anything like an approach to full employment will be reached. But a continued advance beyond mid-1962 will not be achieved automatically. The normal course of present trends will not provide enough steam, beyond mid-1962, to carry the advance forward to full employment. Expansionary policies by the federal government are essential to encourage a continuing and rapid increase of economic activities through 1962 and the first half of 1963.

Experience teaches that upturns from recessions usually slow down about 12 to 15 months after the pick-up starts, unless expansionary measures are added to carry them forward. There are also more specific reasons to expect a considerable slow-down in the rate of advance after the second (April-June) quarter of 1962, if additional steps are not taken to encourage a rapid and

continuing increase in economic activities.

• The present rapid rise of federal expenditures for goods and services will taper off in the second half of 1962, on the basis of present trends, if additional government measures are not

adopted.

• Following 15 months of rapid increases in the stocks of goods on hand, businessmen will probably become cautious about further additions to inventories on their shelves and in warehouses. The pace of inventory-building is expected to slow down

after mid-1962.

- The pace of rising family expenditures will also probably slow down, after the rapid pick-up in consumer spending and installment buying that is expected in the coming months, through the second (April-June) quarter of 1962. Most families cut down their buying of expensive items, following several months of large purchases and increases in their installment debt. In addition, the persistent high levels of unemployment and part-time work since 1958, and the considerable slow-down in the rise of real wages in the past five years, make it unlikely that most families can advance their spending rapidly, on a sustained basis.
- A slower pace of increase in federal expenditures, business inventory-building and consumer spending will probably mean a substantial slow-down in the further advance of economic ac-

tivities after the second quarter of 1962. Such a slow-down would mean a slower improvement in employment. It would also mean that the number of unemployed could level off at about 5.5 percent or somewhat less of the labor force in the second half of the year.

This would be a substantial improvement over the nearly 7 percent unemployment rate of most of 1961, but it would still be a great distance from full employment. Yet such unsatisfactory condition will probably develop after mid-1962, if the up-

turn is left alone.

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To assure a continuing and rapid advance of the upturn to sustained full employment and rapid economic growth, expansionary measures by the government are required:

1. An expansionary federal budget policy to stimulate rising

sales, production and employment.

2. A policy of monetary ease, with low interest rates on longterm loans and an adequate money supply, to encourage expanding economic activities.

3. Measures aimed at eliminating long-term unemployment, due to such factors as economically distressed communities and technological changes that make many old skills obsolete.

4. Government presentation of estimates of needed changes in all major categories of economic activities to sustain full employment of our growing labor force, maximum utilization of expanding plant and equipment and a rapid rate of economic growth. These estimates for the year ahead and the longer run can serve as guide-lines for decision making by private groups, federal, state and local governments.

Rising real incomes to provide adequate family buying power in order to maintain growing mass consumer markets.

Budget Policies to Sustain Full Employment

Changes in the federal government's budget policy are essential, if the economy is to be able to move up to full employment and sustain it. The aim of such policy changes should be: 1) to achieve a federal cash surplus when the economy is at full employment or close to it, rather than when unemployment is high, and 2) to change gradually, rather than suddenly, from a cash deficit to surplus, as the economy moves up from a recession.

Even the conservative economist, Arthur F. Burns, chairman of the Council of Economic Advisers during the Eisenhower Administration, points out that the upturn from the 1958 recession was cut short by a sharp swing of the federal budget, from deficit to surplus, before full employment was reached. Dr Burns states:

"... economic recovery proceeded very briskly until the spring of 1959. Between the first quarter of 1958 and the first quarter of 1959 the nation's physical output rose by 8 percent. Between mid-1958 and April 1959 the rate of unemployment also fell sharply—from about 7.5 to almost 5 percent. But soon there-

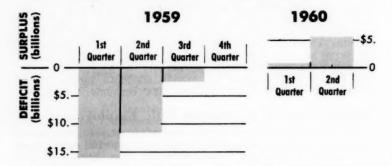
after a sharp retardation of economic growth set in. The expansion of business activity terminated in May 1960, having run its course in only two years and stopping at a time when the economy was still some distance from a full-employment level."

Among the major causes of this condition, according to Dr. Burns, was the federal government's financial operations. He

declares:

"We had a violent shift in federal finances. Between the first quarter of 1959 and the third quarter of 1959, the federal cash deficit, allowing for seasonal factors, fell from an annual rate of \$17 billion to \$2 billion. By the second quarter of 1960, we were already operating with a surplus at an annual rate of \$7 billion. Thus, in a period of little more than a year we had a turn-around in federal finances of about \$24 billion. This was undoubtedly one of the very sharpest shifts of federal finances in our nation's history."

Sharp Swing From Federal Deficit to Surplus 1st Quarter 1959—2nd Quarter 1960



ANNUAL RATES, ADJUSTED TO ACCOUNT FOR SEASONAL CHANGES.

Difference between total cash receipts and payments of the federal government, including trust-fund accounts, such as social security payroll taxes and social security benefit payments.

SOURCE: Treasury Department and Bureau of the Budget.

When total federal cash payments to the public are greater than all of its cash receipts, the federal government is putting more money into the economy than it is taking out. The impact is to encourage a rise in sales, production and employment. When federal receipts are greater than payments, the further advance of economic activities is dampened down by the government taking in more money than it is paying out. If the federal budget moves rapidly from deficit to surplus, as it did in 1959-1960, it

is like slamming on the brakes of a fast-moving car.

From the view of economic developments, there are times when it is wise for the federal government to operate at a cash deficit—when unemployment is high and there are considerable amounts of idle plants, machines and productive equipment. A deficit, under such circumstances, could help considerably to take up the slack.

There are other times when wise policy should aim for a cash surplus—such as periods of full employment and full use of productive capacity, when additional, sharp rises in economic activities could result in shortages of goods and inflationary pressures. Under such conditions, a cash surplus could curb the rise of excess demand for a wide variety of goods in short supply.

A rational budget policy is needed. The possible policy alter-

natives include:

● Tax rates could be reduced substantially, so that federal government receipts will rise more slowly, as sales and production increase from a recession low-point. A slower increase in federal government receipts would mean a more gradual change from a federal deficit to a surplus and the surplus would be reached at lower levels of unemployment than occurred at the end of 1959 and early 1960.

• The level of federal expenditures could be raised considerably, while maintaining present tax rates. An increased level of federal expenditures would have the effect of producing a cash surplus when unemployment is low and the shift from a deficit to a surplus, during the upturn from a recession, would

be more gradual than in the recent past.

• A combination of some increase in the level of federal expenditures and some general reduction in tax rates would likewise result in reaching a surplus, under full-employment conditions, and in producing a gradual rather than violent shift from deficit to surplus, as the economy moves up fom a recession.

In the development of a rational budget policy, it is unrealistic to entertain the idea of a substantial and general reduction of tax rates, in the face of the great need for high levels of federal expenditures—due to the nation's defense requirements, international obligations and public-service needs of a growing population. This pleasant-sounding alternative would be dangerous to the nation's security and the general welfare.

An increased level of federal expenditures is essential at present and in the coming years—not because large federal expenditures, themselves, are necessarily a worthwhile goal, but because there are many urgent needs that only the federal government

can fulfill.

If international tensions get no worse than they are at present (in October 1961), it may be possible to achieve a more rational budget policy by combining some increases in federal expend-

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itures for defense, foreign economic aid and public investment, and some small general reduction in tax rates. Should international tensions grow worse, the need for increased defense expenditures may be so great as to rule out, temporarily, any

general tax-rate reduction.

The level of federal expenditures has already been raised, in response to growing international tensions and national defense needs. Whereas the federal consolidated cash budget moved into balance, while the unemployment rate was about 5.5 percent—6 percent in 1959, the present level of federal expenditures would probably produce a balance, under existing tax rates, when the number of unemployed is about 5 to 5.5 percent of the labor force. The improvement in federal budget policy, to date, has been small. Substantial improvements are needed.

The nation's defense requirements obviously have top priority. Should additional federal expenditures be needed for more adequate defense, they undoubtedly will be granted. Foreign economic aid programs should likewise be given top priority. The attempt to help the less-developed nations in vast regions of the world to lift their living standards is an essential part of America's program for maintaining national sovereignty and free

institutions.

There is need for great increases in federal expenditures for public investment—federal aid for education and federal programs for the conservation and development of natural resources, for example, and a comprehensive program of housing, urban renewal and mass transportation that requires direct federal expenditures, federal grants-in-aid to states and local governments and long-term low-interest loans, as well as government-insured mortgages. The attempt to gradually meet such public-investment needs of our growing population in the 1960s and 1970s should be given some priority over the possibility of a

general reduction of tax rates.

Expansion of the economy, however, makes possible a general tax-rate reduction. A 20 percent tax rate on \$2,000 is \$400. As the economy grows, \$2,000 of taxable income becomes \$2,500 several years later and the tax rate rises to 20 percent of \$2,000 and 22 percent of the additional \$500. The amount of federal government revenue increases from \$400 to \$510. The same structure of tax rates, over a period of years, therefore, produces greater revenue per taxpayer. At the same time, economic growth means more taxpayers—more people employed and more businesses making profits. In a growing economy, therefore, increased revenue can be generated, despite some tax-rate reductions.

A general reduction in tax rates will probably become possible and necessary, as the economy expands in the decade of the 1960s, if all-out war can be avoided. But the level of federal expenditures, in 1962, to meet the needs of national defense, foreign economic aid and public investment may require a temporary postponement of such tax cut. The timing of some general reduction of tax rates, within the next several years, should depend on the level of federal expenditures and the need to develop a rational budget policy.

While a general and permanent reduction of tax rates in 1962 may have to be postponed temporarily, nevertheless a major

change in tax policy will be required.

A long-overdue reform of the tax structure is essential, so that federal revenue can be raised on a fair and equitable basis. The total amount of federal revenue could remain the same, but it would be raised on a more equitable basis, without special tax privileges for specific kinds of income. This means that tax loopholes-mainly grants of special privilege to wealthy families and businesses-must be eliminated. The closing of these loopholes can produce as much as \$17 billion of additional revenue, which can permit a reduction of individual income tax rates. particularly on low- and middle-income families.

The development of a rational budget policy is essential in 1962-through increased federal expenditures and, if possible, a general and permanent reduction of tax rates—to carry the economic advance forward at a rapid pace to sustained full employment. Whether or not a general and permanent cut of tax rates is considered feasible, reform of the tax structure should be adopted. Inequities and special privileges that have eroded the federal tax structure should be eliminated and abilityto-pay should be restored to its rightful place as the foundation of America's tax raising system.

Monetary Policy to Encourage Expansion

The Federal Reserve system's monetary policy should also actively stimulate continuation of the upturn from the 1960-1961 recession to full employment and rapid economic growth. Monetary ease is needed to provide an adequate money supply and low interest rates to encourage businessmen, consumers, state and local governments to expand their purchases and publicservice programs.

Tight money and high interest rates have cut short upturns from previous recessions. This occurred in 1959-1960, during the pick-up from the 1958 decline. According to Dr. Arthur F. Burns, during 1959 and early 1960, interest rates on long-term loans "advanced faster than during a comparable stage of any

business cycle during the past 100 years."

Avoidance of such monetary policy errors during the present upturn from the recession would be a helpful achievement. But avoidance of tightening the money supply and raising long-term interest rates too soon and too rapidly is not enough. Monetary policy should actively encourage a continuing pick-up from the 1960-1961 recession.

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Interest rates did not decline very much, when business activities were falling last winter. Rates on short-term U.S. government securities were properly stabilized at about 2.3 percent—2.4 percent, in an attempt to curb the outflow of foreign-held investments in such securities to other countries. But rates on long-term government bonds likewise declined very little.

Rates on long-term government bonds moved down merely from a high of nearly 4.4 percent in January 1960 to only 3.8 percent—3.9 percent at the recession low-point. Although they declined further to about 3.7 percent in May, 1961, they have been somewhat greater since then. By early October, rates on long-term government bonds were nearing 4 percent and effective rates on mortgages, including the impact of discounts on FHA mortgages, were about 6 percent.

The change from the government's policies of 1959-1960, when the money supplied was tightened and interest rates were raised shortly after the upturn started, should be improved further. An active encouragement of the present upturn is needed.

The rediscount rate, which the Federal Reserve system charges commercial banks for loans, should be reduced from 3 percent to 23/4 percent. Such a reduction would clearly indicate the government's determination to continue a relatively easy money policy. It would make possible low interest rates on long-term loans, such as mortgages, business loans and the cost of state and local government borrowing to be maintained.

Long-term interest rates should be reduced in order to encourage an expansion of loans to private businesses, individuals, state and local governments. To achieve such a reduction, the Federal Reserve system's Open Market Committee should actively engage in the purchase of long-term government bonds in the money market. Although the Federal Reserve shifted its position in February, from its previous rigid refusal to purchase long-term government bonds, such purchases, thus far, have been far too hesitant.

Active purchases of long-term government bonds by the Federal Reserve's Open Market Committee will increase the free, lendable reserves of the commercial banks above the recent level of some \$500 million. There is no reason why these free reserves should not be increased 50 percent to 75 percent, through Open Market Committee operations, in order to provide the commercial banking system with a sufficient supply of lendable funds to maintain low interest rates on long-term loans.

A vigorous policy of monetary ease is required, along with a rational budget policy, to encourage a continuing advance of the present upturn.

Efforts to Eliminate Long-Term Unemployment

While expansionary budget and monetary policies are needed to increase sales, production and employment, a comprehensive government effort is also required to solve the problem of hard-core, long-term unemployment. The number of people unemployed for fifteen or more weeks has risen from an average of 249,000 in 1951-1953 to 599,000 in 1955-1957 and to 998,000 in 1960. In September 1961, six months after the upturn started, 1.3 million people were jobless for 15 or more weeks.

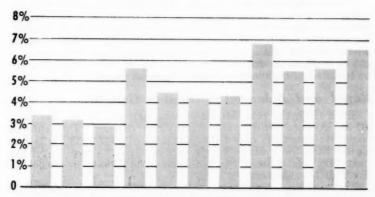
An increasing demand for goods and services is essential to solve this problem. Without a continuing rise of production and job opportunities, the number of long-term unemployed will re-

main great.

But sole reliance on budget and monetary policies to increase demand would leave many unemployed without jobs and would bring the number of unemployed down to perhaps no lower than 4 percent of the labor force. Unfortunately, hundreds of thousands of the long-term unemployed are not in a position to obtain jobs when demand rises—they live in economically distressed communities or lack the skills and training that are needed by modern industry. A combined effort to increase demand, to revive distressed communities and to improve the skills and mobility of the jobless is needed to reduce unemployment to a minimum—about 3 percent of the labor force, with joblessness at any particular time, essentially due to temporary factors such as moving from one job to another or seasonal changes.

The Area Redevelopment Act, adopted by Congress in early

Steady Rise in Unemployment 1951-1961



1951 1952 1953 1954 1955 1956 1957 1958 1959 1960 1961*

*AFL-CIO estimate.

SOURCE: U.S. Department of Labor.

1961, was a good first step on the long road to solving the problem of long-term unemployment. Effective action to rehabilitate the large number of economically distressed, industrial communities can gradually provide gainful job opportunities for some of the long-term unemployed, if the national economy is expanding.

A comprehensive federal program of training, retraining and relocation allowances is needed. The unemployed, whose skills are obsolete, should be provided with the opportunity to learn the new skills that are required by modern industry—under a national program, with government payments during the train-

ing period.

Government relocation payments should likewise be made available to unemployed workers who cannot find jobs in their communities, but can obtain employment in areas that are distant from their homes. Federal relocation grants could assist such workers and their families to move to new areas of job

opportunities.

A central part of an effort to eliminate long-term unemployment is the establishment of an effective national employment service. No genuine program that aims for full employment, including the retraining and relocation of workers who are displaced by rapid technological change, can be successful without an effective job placement and employment counseling service. A complete reorganization and upgrading of the United States Employment Service is needed—to provide a nation-wide agency, with job placement and employment counseling services for working people of all levels of skill, training and education.

If unemployment remains high—and a large number of people remain jobless for long periods of time—a general reduction of working hours, with no cut of take-home pay, will be needed. Many employers and unions are negotiating shortened working hours through collective bargaining. Legislation for a general cut of working hours, with no reduction of take-home pay will

be required, if high levels of unemployment persist.

Rapid and Balanced Economic Growth

Since 1953, the real volume of total national output has risen at an average yearly rate of only 2.4 percent. This rate of economic growth is only half as fast as in 1947-1953. It is also slower than the average yearly rate of about 3 percent over the past fifty years, including recessions, the Great Depression of the Thirties and wars.

There is wide agreement on the need for a much more rapid rise of real national production—to provide job opportunities for a growing labor force in a period of rapid technological change, as well as to provide the basis for being able to meet the nation's defense requirements, international obligations and the needs of a growing population for improved public services and living conditions. But there are policy disagreements on how to achieve a faster pace of economic growth.

Often, policy discussions about economic growth are based on unreal assumptions about the American economy. Sometimes it is assumed that there are great shortages of plants, machines, efficient production methods and funds for additional business investment.

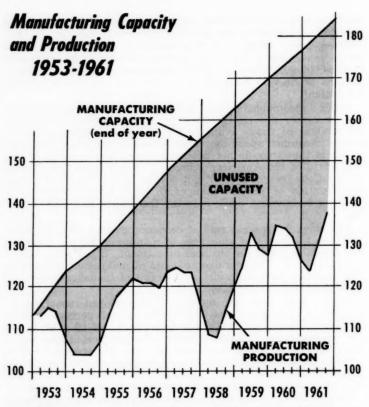
Policy recommendations, with such unreal assumptions, usually center around the need for special devices to increase the amount of funds available for business investment and to reduce consumer spending. The major trouble with such proposals is that they do not deal with the actual problems in the real world of the American economy. If and when these unreal assumptions become a reality, it will be time enough for serious consideration of drastic changes to place major emphasis on business investment, while reducing the pace of consumer spending.

The slow, 2.4 percent rate of economic growth since 1953 has not been the result of shortages of manpower, plants, machines and available funds for business investment. It has been, rather, the other way. Considerable amounts of manpower and productive capacity have been idle, as a result of inadequate levels of sales and frequent recessions.

As for manpower, the number of unemployed rose from 3.1 percent of the labor force in 1951-1953 to 4.3 percent in 1955-1957 and 5.4 percent in 1959 and the first half of 1960, before the recession of 1960-1961 began. In addition, there was a rapid rise of part-time work, among those who were counted as employed. Rather than manpower shortages, there was a sharp increase of unemployment and underemployment. Widespread unemployment and underemployment continue at present.

During most of the period since 1953, there have been great amounts of idle productive capacity. Sales have been too low and have increased too slowly to keep plants and machines utilized at the preferred, maximum rate, which is about 94 percent, according to the McGraw-Hill survey of manufacturers. In addition, the relatively low level of sales has been inadequate to generate the optimism and continuing rise of profits that are needed for a steady increase of business investment in new plant and equipment. As a result, business investment has increased and fallen, in these recent years, rather than a steady rise.

The major, continuing problem during most of the recent period since 1953 has been under-utilization of manpower and productive capacity and frequent recessions. How to increase the American economy's rate of economic growth above the recent, slow rate of 2.4 percent a year mainly involves the issue of increasing the demand for goods and services on a sustained and balanced basis.



End of 1950=100 SOURCE: Federal Reserve Board and McGraw-Hill Publishing Co.

The economy's ability to produce more goods, more efficiently, is continuously increasing, as productivity rises and the labor force grows. The normal potential growth-rate for the decade of the sixties could be an average of 5 percent a year. If America is to utilize this potential and sustain a fast rate of economic growth, sales must rise, along with the economy's improving ability to produce. The major groups of customers for the products of the American economy are consumers, government (federal, state and local) and business.

In recent years, about 65 percent of all the goods and services produced by the American economy has been bought by consumers as food, clothing, automobiles, furniture, appliances, repairs, other services and products. An additional 4 percent-5 percent of total national production has gone for home-building.

Approximately 70 percent of the nation's total output has been

directly related to consumer markets.

The expenditures of federal, state and local governments for goods and services have accounted for approximately 19 percent to 20 percent of total national production in recent years. Business purchases of plants, machines and inventories have ac-

counted for 10 percent-11 percent of national output.

The need for increased federal expenditures is obvious in the face of requirements for defense, international obligations and public investments. The mechanics of such increases in federal expenditures, investments and grants-in-aid to states and local governments have been discussed in the section on federal budget policy. Increases of federal expenditures-along with the continuing rise of state and local government expenditures—add to the demand for goods and services that can be produced.

Government expenditures, however, cannot be expected to take up all the slack in the economy at present or to provide the sole, continuing impetus for sustained economic growth in the future. Business investment and consumer purchases are essential parts

of the American economy.

A steady rise of business investment in new plant and equipment, without booms and busts, requires a high level of business operations, increasing sales and profits. Businessmen invest money in new plants and machines, with the expectation that consumer and government buying will expand enough to absorb the rising production.

Major emphasis on providing devices for boosting business investment cannot attain a sustained, rapid rate of economic growth. A sharp rise in business investment that is not accompanied by a rapid increase in demand is bound to end in cut-backs of investment, production and employment, as unsold goods pile

up in warehouses and on store shelves.

The consumer is the American economy's main customer. Consumer spending depends on family incomes, savings and loans. When incomes are rising and people feel optimistic about the future, consumer buying usually increases. Since the overwhelming majority of Americans work for wages and salaries, labor income is the main source of consumer income. Wages and salaries are also a major source of tax revenues, which federal, state and local governments use for their purchases of goods and services.

Consumer spending cannot be expected to increase indefinitely on the basis of great reliance on installment buying. Neither can increasing consumer purchases depend only on the rising incomes of businessmen, executives and self-employed professional people. Increases in the real incomes of wage and salary earners are needed, along with the economy's rising productivity and expanding capacity to produce.

But a rapid and sustained pace of economic growth cannot be

achieved by dependence on consumer spending, alone. Continuing expansion of consumer spending, as well as government expenditures and business investment, is required to provide the needed increases of sales. But this expansion of private and public ex-

penditures and investment must be balanced.

There are times when major emphasis should be placed, temporarily, on the activities of one part of the economy. In wartime, for example, the rise in defense expenditures obviously has top priority. If there is rising demand for goods in short supply, when the economy is fully employed, major emphasis should, temporarily, be placed on business investment. But, in the long-run, no one part of the economy, alone, can sustain rapid economic growth.

A wide variety of private and public policies is required for the balanced and sustained growth of the economy. To make this objective more readily attainable, the President's Council of Economic Advisers should provide estimates of how much additional expenditures, incomes and employment will be needed to sustain maximum use of manpower and productive capacity and a rapid

rate of economic growth.

How much of an increase in employment is needed, for example, to sustain the full employment of a growing labor force, with productivity rising? How much of an increase in consumer spending, business investment and government expenditures is needed to achieve such a rise in employment? How much of an increase in family incomes and business funds will be required to achieve the necessary expansion of investment and personal consumption and what are the implications for federal budget policy? Such estimates for the economy as a whole and its major sectors should be prepared for the year ahead, as well as for longer periods, such as five or ten years, and revised on the basis of experience.

Early each year, after the President's budget message and economic report, the government should convene an annual economic conference of leading representatives of the economy's major sectors to examine and discuss the estimates for the coming year. Such discussions could provide broad guide-lines for private decision-making on wages, salaries, investment, and prices, as well as for government decisions on expenditures and taxes to sustain

full employment and rapid economic growth.

Rising Real Incomes

Problems may arise in the period ahead, however, that could make it difficult, if not impossible, to sustain a rapid pace of economic growth. Weakness in consumer buying power, for example, could prevent the economy's consumer base from expanding rapidly enough to support a continuing rise of business investment in new plants and machines. The pace of economic growth, in that event, could slow down.

America's system of mass production requires a base of expanding and widening mass markets. Rising real incomes are needed to carry the present economic advance forward to a sustained rapid rate of economic growth. With half of America's families earning less than \$5,600 before taxes in 1960—including two and more breadwinners in some families—it is clear that there is a vast potential market among low- and middle-income groups who comprise the great majority of the nation's families.

In recent years, however, there has been a slow-down in the rise of real incomes. In addition, the incomes of lower-income families have increased much more slowly than the incomes of wealthier families. The share of total family income received by lower-income families has been tending downward, according to

Department of Commerce studies.

An important cause of this situation has been the increase of unemployment since 1953. But it is not the only cause. The increase in the buying power of employed workers has also been slowing down.

The buying power of the average weekly earnings of factory production and maintenance workers, for example, rose at an average annual rate of merely 1.1 percent in 1956-1960—much slower than the 2.7 percent yearly pace in 1947-1952 or the average annual rate of 3.5 percent in 1952-1956. This substantial cutback in the pace of increasing buying power of factory workers' weekly earnings is the result, in part, of spreading part-time work in many industries.

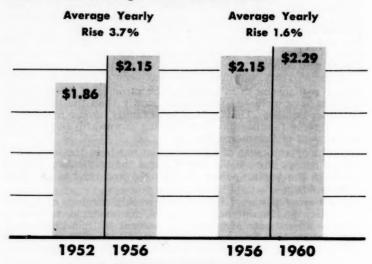
If unemployment and part-time work were the only reasons for this slow-down in the rise of consumer buying power, expansionary budget and monetary measures to encourage rising sales and production could largely solve it. But unemployment and underemployment are not the only reasons. The fact of the matter is that the increase in the buying power of the hourly earnings of many large groups of workers has also slowed down.

From 1947 to 1952, the buying power of factory workers' average hourly earnings rose 2.5 percent a year. In 1952-1956, the average yearly increase was 3.7 percent. But in 1956-1960, the average annual increase slowed down to only 1.6 percent.

Effective collective bargaining and special government efforts should aim at achieving substantial increases in the buying power of wages and salaries in the period ahead, if the economy's mass consumption base is to become strong enough to support rapid economic growth. The economy's rising productivity makes possible and requires wage and salary increases, while the price level can remain reasonably stable.

The efficiency of production is almost continuously improving. Output per manhour in the total non-government part of the national economy has been rising at an average yearly rate of about 3.1 percent to 3.4 percent since 1947, according to the Depart-

Rise of Real Wages Has Slowed Down



REAL AVERAGE HOURLY EARNINGS*

*Average hourly earnings of manufacturing workers in constant 1960 dollars.

SOURCE: U.S. Department of Labor.

ment of Labor. It would have risen at a somewhat faster rate if the economy had expanded more rapidly after 1953. The average yearly pace of rising productivity may be about 3.5 percent to 4 percent or more in the period ahead, if the economy operates in high gear and automation continues to spread.

When productivity increases, wage costs and many other costs, such as overhead costs per unit of production, tend to decline. All wage and salary earners should share adequately, and on a continuing basis, in the benefits of the national economy's rising productivity. Wage and salary increases are also a prodding force

on management to maintain and improve efficiency.

With the rapid rebound of manufacturing production since February 1961, for example, output per manhour has advanced very sharply. As a result, unit costs of factory production and maintenance workers have declined. The rapid rise of production has caused such overhead costs as unit salary costs and unit depreciation costs to decline, as well. As the upturn continues in 1962 and 1963—if policies are adopted to carry the advance forward—the rise of output per manhour will return to a more normal pace of about 3 percent—4 percent a year and unit production costs may tend to level off. But by that time, unit pro-

duction costs will have declined for many months, they will probably be significantly lower than in the past several years and

profit margins will be substantial.

Most firms can afford to grant substantial wage and fringe benefit improvements, without any price increases. Some companies, whose efficiency is improving most rapidly, can afford to grant such improvements and reduce their prices. Other companies, in which productive efficiency is not improving, may have to raise prices somewhat. The over-all price level, therefore, can remain relatively stable from one year to the next, while wages and salaries increase.

The national economy's rising productivity, however, is only one among several factors in any particular negotiations between a union and an employer. An important consideration in contract negotiations, for example, is the cost of living. When living costs rise, the buying power of wages and salaries is reduced. To prevent such reduction, wage increases to compensate for rising living costs are required. Additional increases are needed to raise the buying power of wages and salaries to provide continuing improvements in living conditions.

Another important consideration in negotiations is the profits of the employer and industry. Trade unions generally insist on the right of wage and salary earners to share in the profitability of their employer and industry, as well as in the benefits of the

national economy's rising productivity.

Other important factors in bargaining include the unions' attempt to bring wages, fringe benefits and general working conditions at least up to the level for the same kind of work in the industry and area, and the unions' desire to eliminate substandard wages and working conditions.

Many of the lowest-paid occupations, however, are unorganized or weakly organized—such as migratory farm workers, numerous groups of workers in retail stores, the services, wholesale trade, and substantial numbers of low-wage workers in clerical occupations. Significant improvements in the earnings of these workers require the extension of strong union organization and collective bargaining, as well as special government efforts to provide them with the protection of the federal minimum wage law.

The improvements in the Fair Labor Standards Act, adopted in early 1961, were a step in the right direction. The act should be amended to extend coverage of the federal minimum wage to millions of low-wage workers who are still excluded from the protection of the minimum wage law. The legal minimum wage should be raised further. Special government efforts are also needed to protect the wages and conditions of migratory farm workers, the most exploited group of working people in America.

Rising real incomes, along with expansionary budget and monetary policies, and efforts to eliminate long-term unemployment and to sustain rapid and balanced economic growth should place America on the road to sustained full employment.

Problems In the Path of Full Recovery and Sustained Growth

There are problems, however, in the path of achieving full recovery from the recession and a sustained, rapid pace of economic growth. The pricing policies of a few, key industries pre-

sent such a problem and potential danger.

The price level has remained reasonably stable for the past three to four years, since 1957-1958. There is no sign of excessive demand or shortages of a wide variety of goods that could apply upward pressures on the price level in the foreseeable future. As for the unit costs of industrial goods, they have been declining during most of the past year and will probably be considerably lower in the foreseeable future than they were in the past several years. Nevertheless, there is a danger in the pricing policies of several key industries.

The federal court findings, in early 1961, in the case of the major manufacturers of heavy electrical equipment, indicate one aspect of this danger—outright collusion to fix and maintain high prices. Such price-rigging is illegal and can be curtailed by vig-

orous enforcement of the nation's anti-trust laws.

Another aspect of this potential danger is the practice of the companies in several key industries to automatically follow the prices set by the price-leader that dominates their industry. In such an industry, prices are set by the major corporation, or small group of dominant corporations, on the basis of a formula to bring a target profit-return on invested capital at relatively low-level operations. When production rises toward maximum use of productive capacity, in these industries, profits rise sharply.

Low-Break-Even Points

The Subcommittee on Antitrust and Monopoly of the Senate Committee on the Judiciary, headed by Senator Estes Kefauver, issued a report in 1958 on the steel industry and its price-leader, U.S. Steel: "A close relationship... exists between the operating rate and the profit rate. For both the steel industry as a whole and the U.S. Steel Corporation alone, the statistical measure of the degree of relationship between the two over the long-term period (1921-1956)... is relatively high.

"The 'break-even' point for both the steel industry as a whole and the U.S. Steel Corporation individually is shown to be slightly below an operating rate of 40 percent. That is to say, the industry and the Corporation tend to move out of the 'red' into the 'black' when production, as a percentage of capacity, reaches a

level of just under 40 percent."

In the steel industry, as well as several other major industries, prices are set to establish break-even points as low as about 40 percent or less of the industry's capacity to produce.

Administered Prices

Regarding the pricing policy of General Motors, the automobile industry's price-leader, the Kefauver Committee reported in 1958: "The broad objective of the company's pricing policy may be repeated: prices on the average must be such that at the standard volume of production (80 percent of rated plant capacity, excluding Saturdays, Sundays, holidays and the change-over period) direct costs and all fixed costs will be covered and profits will be earned in sufficient amount to provide a return of 20 percent, after taxes, on net worth or 15 percent on capital

employed. . . .

"The rates of return earned by General Motors over the years bear eloquent witness of the effectiveness of the company's pricing policy. In the past ten years, 1948-1957, the company's average annual return, after taxes, on its stockholders' investment has been an impressive 25 percent. In the worst of these years, 1957, the rate of return on average stockholders' investment was over 17 percent, a figure which any public utility would regard with some awe. At the other extreme, the company was able to earn a rate of 37.5 percent in 1950, an exceptionally good year."

In its report on the steel industry, the Kefauver Committee declared: "Administered prices are not undesirable per se. There is strong support for the proposition that they are not only desirable but inevitable in a modern industrial economy. The question at issue is the manner in which they are administered."

The manner in which prices have been administered by the huge, dominant corporations in several key industries poses the possibility that these corporations may raise prices, despite the absence of substantial increases in unit costs and of excess demand for goods in short supply. If such price rises occur in several major industries, their impact could fan out through the economy and they could provide the psychological basis for price-boost attempts by other industries, wholesalers and retailers. Such rises of the price level could be used as a pretext for restrictive budget and monetary policies that could halt the expansion of the economy.

The administered-price formulas also pose a potential danger to continuation of the upturn from the recession to a sustained, rapid rate of economic growth. With prices set and maintained to produce profits at low-level operations there is less incentive for such industries to follow policies that aim for maximum production rates in a rapidly expanding economy. Instead, major incentive in such industries is to maintain high price levels and large profit margins.

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To curb these potential dangers from the pricing policies of the dominant corporations in these key administered-price industries, the spotlight of public attention is required. Only the government—federal agencies, congressional committees or both—can adequately focus public attention on the facts of the cost-price-profit investment policies of these corporations in an attempt to curtail their price-raising ability.

Continued Slack In The Economy

If the price-raising potential of key industries, in which prices are administered, is adequately curbed, there is no likelihood of significant increases in the price level in the period ahead. There is, however, considerable slack in the economy and much slack will probably continue in the months ahead.

According to the 1961 McGraw-Hill Survey of Business Plans for New Plants and Equipment, manufacturers prefer to operate their plants at about 94 percent of productive capacity. That same survey, however, revealed that in December 1960, manufacturing industries operated at merely 77 percent of their ca-

pacity to produce.

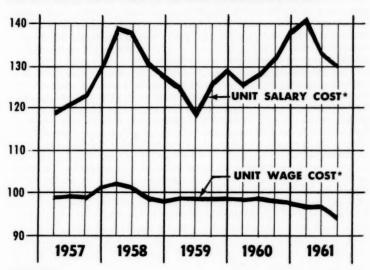
Since the recession low-point in early 1961, manufacturing output has risen. But manufacturing capacity has likewise increased with the addition of new and more efficient plants and machines. The September 16, 1961, issue of Business Week states: "The McGraw-Hill Economics Dept. estimates that U.S. industry will be operating by year end at an 85 percent utilization rate, and it foresees a steady increase to 87 percent by the middle of next year."

With operations at about 87 percent of manufacturing capacity in mid-1962, there will be approximately as much idle productive capacity as in the spring of 1959 or January 1960, when there was considerable slack in the economy. Beyond mid-1962, there will be additions to capacity, as industry adds new and improved plants and machines. There will also be a growing labor force, as more young people begin to seek work. Under such conditions, there will be need for a continuing and rapid rise of sales and production, to take up the slack.

If there is a danger of substantial increases in unit production costs, it lies in the possibility that the upturn from the recession may slow down considerably or falter after mid-1962. A much slower rise in the volume of production in the second half of 1962 and 1963, or a leveling off of production, could result in a much slower rise of productivity and in a trend of increasing overhead costs per unit of output.

The rapidly rising productivity and high-volume operations that accompany a fast pace of economic growth are needed for low unit production costs. The maintenance of the low unit costs that are now being achieved in the upturn from the recession

EMPLOYMENT COSTS IN MANUFACTURING



1953=100

*Wages and salaries per unit of manufactured output. Includes payroll fringes, such as paid vacations and holidays, but excludes non-payroll fringes such as pension and health-welfare plans.

SOURCE: Prepared by AFL-CIO from data of Department of Commerce, Federal Reserve Board and Department of Labor.

requires the continued advance of the pick-up to a sustained and rapid rate of economic growth.

Advanced Preparations to Counter Recessions

Expansionary budget and monetary policies, accompanied by efforts to solve the problem of long-term unemployment, should make it possible to achieve full employment and a more rapid rate of economic growth. In addition, rising real incomes, government efforts to provide guide-lines for decision-making and the focus of public attention on the pricing policies of key industries in which prices are administered should ease the road to sustaining full employment and a rapid growth-rate.

Despite these efforts, recessions may still occur and interfere seriously with programs to improve the economy's performance. Frequent recessions have been an important factor in slowing down the rate of economic growth since 1953. For that reason, the federal government should be armed, in advance, to act promptly and decisively against recessions, if and when they occur, in order to minimize their impact and reduce their duration. Measures are needed, to enable the President to take counter-recessionary steps, without delay, at the first signs that a general economic decline is under way.

The President should be granted discretionary authority to permit a temporary reduction of individual income taxes—to provide the possibility for prompt action to bolster family incomes and boost consumer expenditures in the early stages of an economic decline—and to permit a temporary rise of individual income taxes to quickly counter inflationary shortages, should they occur. A three-month cut of the withholding tax on individual incomes, for example, could add about \$5 billion of family income to the spending stream, within a brief period of time. The President should likewise be armed, in advance, to act promptly in the event of an outbreak of inflationary pressures, due to widespread shortages of goods. Authority to increase individual income taxes, temporarily, should be granted to the President, to counter an inflationary rise of demand, if and when it occurs.

A temporary reduction of the first-bracket income tax rate would have the effect of boosting incomes, particularly of low-and middle-income families. Such a reduction, concentrated in a period of several weeks, would provide a shot-in-the-arm to family buying power. Most of the money would be quickly spent and bolster retail sales and production. Prompt action of this type could effectively counter a recession before it proceeds too far.

A special, flexible public works program should be enacted, as part of the government's arsenal of weapons to counter recessions. Federal funds should be available for temporary grants-in-aid to the states and local governments, to enable them to step-up their public works programs of construction, repairs and maintenance, when unemployment is at high levels. The President should be granted authority to institute such grants-in-aid, when the unemployment rate is beyond a specified level and to maintain the program until unemployment declines toward a minimum level.

The type of public works programs that would be speeded up by such grants-in-aid, when joblessness is high, would be projects that can be started quickly and completed within a short time. The repair and maintenance of streets, roads and public buildings are among such projects. All states and almost every county and city have backlogs of such short-term projects that could be initiated quickly, with the help of federal grants-in-aid.

Grants of authority to the President, along these lines, are necessary to prevent long delays, before acting decisively against recessions, such as when Congress is not in session. Such grants of authority are needed weapons to enable the federal government to act quickly and flexibly, in the event of sudden unfavor-

able changes in economic activities.

The federal-state unemployment insurance system already provides the government with a degree of prompt action against recessions, through unemployment insurance benefit payments that offset income-losses due to layoffs. But inadequacies in the level and duration of benefit payments—as well as great variations among the states—provide only a small offset to the income-losses of rising unemployment. The unemployment insurance system should be permanently improved by additional federal standards to extend the duration and raise the benefit payments to unemployed workers.

The International Balance of Payments

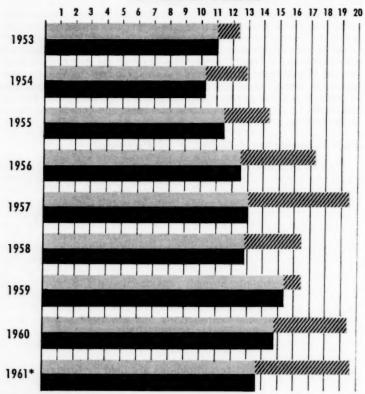
The unfavorable international balance of payments is a new bugaboo, used to oppose wage increases and expansionary monetary and budget policies. The balance of trade—U.S. exports balanced against imports—has been favorable for many years. This export surplus, however, has been more than offset by other international payments by the U.S.—such as investments by U.S. firms in foreign countries, spending by U.S. Armed Services' overseas personnel, military and economic aid programs, spending by American tourists in foreign lands. While the U.S. receives other payments from other countries—such as earnings on American investments abroad, repayments on U.S. government loans, foreign investments in the U.S.—they have been smaller than the payments made by the U.S. The net result of these complex international transactions has produced a large unfavorable balance of payments in 1958-1960.

The unfavorable balance has increased foreign holdings of short-term U.S. government securities and bank accounts. Most of these foreign short-term holdings are held by foreign governments, foreign central banks, foreign businesses and individuals in short-term U.S. government securities and bank accounts that are needed for everyday commerce with the U.S. Therefore, barring a world economic crisis, the owners of these foreign short-term holdings are not likely to shift them from the U.S. for higher returns abroad or to have them converted into gold. Only about \$3 billion to \$5 billion of such foreign short-term holdings can move rather freely, if their owners wish to shift them into investments in other countries.

When economic activities in the U.S. decline and interest rates on short-term U.S. government securities fall, foreign holders of freely movable, short-term securities tend to move them out of the U.S. to investments in other countries—in pursuit of higher interest rates on short-term securities and greater profits. This

U.S. FOREIGN TRADE





*First-half of year at annual rate.

SOURCE: U.S. Department of Commerce.



occurred in the second half of 1960, following the start of the recession and after interest rates on short-term U.S. government securities fell. In 1960, some \$2 billion-\$2.5 billion of foreign-held short-term securities sought higher returns outside the U.S. and created a large \$3.9 billion unfavorable balance of payments, which resulted in the conversion of \$1.7 billion of such foreign

holdings of U.S. dollars into gold. As the U.S. acted to restore confidence in the economy and the dollar, the unfavorable balance of payments was reduced substantially in early 1961.

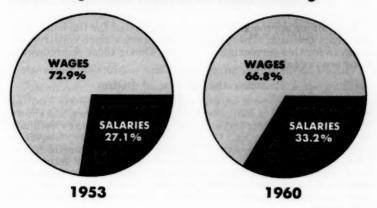
The key to the problem of the international balance of payments is confidence in the U.S. economy. President Kennedy made this point clearly when he declared: "Economic progress at home is still the first requirement for economic strength abroad."

The sustained, rapid growth of the American economy would not only encourage foreigners to keep and expand their short-term U.S. holdings and long-term investments here. It would also provide the growing domestic markets, optimism and confidence needed to encourage more U.S. business investments at home.

Nevertheless, many are urging restrictive tight money and high interest rate policies here to bolster foreign confidence in the U.S. dollar. Such steps could reduce the rate of economic growth and increase unemployment, which in turn, would weaken confidence in both the U.S. economy and the dollar.

Some people say the large unfavorable balance of payments is caused by the U.S. "pricing itself out of world markets." Their "solution" is a wage freeze or a substantial reduction of wage

Salaries Are An Increasing Percentage of Total Wages and Salaries in Manufacturing*



*Wages and salaries include payroll fringes, such as paid vacations and holidays, but exclude non-payroll fringes, such as pensions and health-welfare plans.

SOURCE: Prepared by AFL-CIO from data of Department of Commerce, Federal Reserve Board and Department of Labor. increases, which would not necessarily raise exports, but would mean less consumer expenditures, rising joblessness and economic weakness at home.

Furthermore, America's large 1960 export surplus of \$4.9 billion and a greater 1961 surplus are hardly the record of a nation that has priced itself out of world markets. While the U.S. has some trade problems, wages are not a significant cause or cure for them.

Factory workers' hourly wages have risen more slowly in the U.S., since 1953, than in any of the world's major, industrial exporting countries. The unit costs of manufacturing production and maintenance workers, in 1960, were only slightly greater than in 1953. The wages of production and maintenance workers are a declining share of total wage and salary payments in manufacturing. American industry's increases in unit production costs, in recent years, have been overwhelmingly due to sharp increases of salary and other overhead costs, while output has increased slowly.

Solutions to the balance of payments problems cannot be developed by concentrating on restrictive policies or on the favorite scapegoat of conservative business spokesmen, the wages of American working people. The U.S. must view the balance of payments problems constantly on two fronts—the domestic front of building a strong economy within the context of world problems and the international front of building America's relationships with other nation's monetary and economic developments on a firm foundation, within the context of an expanding economy at home.

Four major approaches have been suggested for the balance of payments problem. These suggestions provide some constructive answers for this perplexing situation. Among these recommendations are the following.

Reducing the Outflow of Dollars

Some people propose an over-all limitation of imports into the U.S. This method is inappropriate because experience has shown that when we cut our buying from other nations, they retaliate by not buying from us. Cutting imports generally, therefore, could reduce the U.S. export surplus. Certain domestic industries, however, such as soft-goods, are confronted by serious import competition, but these specific problems must be dealt with directly through specific measures that will not change our basic attitude towards multi-lateral trade among the nations of the free world.

Some propose cutting military and economic aid programs, but U.S. strength depends on improving and strengthening the military and economic well-being of our friends throughout the free world. The cold war and the exploding problems of under-industrialized nations in Asia, Africa and Latin America make such

cuts dangerous. But these are not U.S. responsibilities, alone. Other industrial nations of the free world now have strong enough economies to help bear part of these burdens. Their participation will probably not reduce the U.S. level of military and economic aid, but their sharing in these financial responsibilities would help to prevent future, great increases in the "outflow of

dollars" for these purposes.

Another proposal would attempt to curb U.S. investments abroad. Instead of reducing U.S. investments abroad, in general, it would be wise to redirect such investments from industrialized countries to under-industrialized nations. It would be helpful to eliminate tax incentives for private U.S. investments in industrialized countries in order to stop the export of jobs. Legislation to prevent abuse of foreign tax havens should likewise be adopted to curb evasion of U.S. tax laws. But U.S. investments in the under-industrialized nations of Asia, Africa and Latin America should be encouraged.

Encouraging the Inflow of Dollars

An increase of exports would improve the balance of payments situation. The U.S. export-promotion program should be continued. Further efforts to improve the competitive position of U.S. products in world markets—through encouragement of productivity advances, sound wage and salary policies, the maintenance of reasonable price stability and the redesign of products to make them attractive to foreigners—are vital. But such efforts must not curb or retard necessary improvements in American living standards. Continued attempts should also be made for the removal of quota discriminations against U.S. products and for reduction of other nations' tariffs through international tariff and trade negotiations.

Reducing the Outflow and Encouraging the Inflow of Dollars

Confidence in U.S. economic health would reduce the outflow, while, at the same time, attract foreign investments into the U.S. To the extent that interest rates are a factor in the outflow, when expansionary policies are needed at home, the Federal Reserve system should attempt to strengthen rates on short-term U.S. government securities, so that their flabbiness would not repel foreign investors and to reduce interest rates on long-term loans to encourage economic growth—as explained in the section on monetary policy. Simultaneously, full employment and rapid economic growth would attract long-term foreign investors to the U.S.

Measures Designed to Stop the Outflow of Gold

Prevention of gold hoarding is important. No private individual in the U.S. has been allowed to hold gold since 1933 and, more recently, U.S. citizens no longer may hold gold abroad. The U.S. should urge all nations to follow a similar practice by forbidding

their private citizens to hold gold.

At present, the U.S. government is still required to provide a gold "cover," equal to 25 percent of outstanding Federal Reserve notes and deposits—an outdated requirement that performs no useful service. This gold "cover" should be removed whenever the action would not affect world confidence in the dollar.

The most fundamental proposal is the development of an international banking arrangement that would reduce U.S. responsibilities as a world banker and thereby reduce potential international pressures on the U.S. dollar. Steps in this direction could enable the U.S. to act more freely as a world trader. They could strengthen world trade, by making it less dependent on gold and dollars in international transactions, and would also be in the interest of Western European and other nations who hold large dollar surpluses in their international reserve accounts.

Collective Bargaining Developments

Collective bargaining has functioned to provide continuing improvement in the American worker's standard of living. Despite major obstacles, organized labor has through collective bargaining gained wide advances in wages and in benefits in the two years since the last report of the council.

The rate of improvement unfortunately was restrained by unhealthy economic conditions. The 1960 decline in the economy and increasing unemployment, coming on top of an incomplete recovery from the 1958 recession, plus the inadequate rate of economic upturn through the first half of 1961, were often limit-

ing factors in negotiation of wage increases.

But wage increases were not halted by the adverse economic situation. Once again, unions and collective bargaining served as a valuable bulwark against dangerous pressures for wage limitation or cutback in a period of national economic decline. As in the earlier economic recessions of the past decade, unions turned back wage limitation pressures and succeeded in moving wages forward, thereby serving to fortify consumer confidence and buying power and to help check and reverse what otherwise could have been an even more severe economic downslide.

As always, the individual bargaining situations varied considerably across the country, but the following are among the principal general features of 1960-1961 bargaining developments:

1—The most typical wage increases under collective bargaining in 1960 and again in 1961 were from 8 to 12 cents an hour in each year. On a percentage basis, this was usually 3 to 5 percent. (These increases ordinarily were accompanied by liberalizations in fringe benefits as well.) Since a part of these wage increases went to offset the rise in cost of living during the two years, the increase in real wages was of course smaller.

2—The majority of settlements provided for long-term rather than one-year agreements, generally with a duration of two or three years, but typically with provision for at least annual wage increases, either through wage reopening provisions or more commonly through provision for definite increases (often called "deferred" or "annual improvement increases") at specified dates.

It has been customary for unions which agree to a long-term agreement to insist that, in addition to the regular annual wage increase, there also be an automatic cost-of-living-wage-adjustment provision as a means of protecting workers against inflation during the life of the agreement. In the past two years, some industries have vigorously attacked the principle of cost-of-living automatic adjustments and in several instances a cost-of-living adjustment provision has been eliminated in a new long-term agreement, or a limitation placed on the amount of increase possible under such a provision.

In most bargaining in which this has been an issue, however, as in the auto industry, the automatic cost-of-living adjustment practice has been continued or, as in the railroad industry, the cost-of-living provision has been discontinued as part of a settlement abandoning a long-term agreement in favor of a short term.

3—One of the obstacles in union wage bargaining efforts has been a huge industry propaganda campaign to make the American people believe that union-negotiated wage increases create dangerous price inflation. Fortunately, unions have not been misled into believing either that inflation is our principal economic problem or that reasonable wage increases are the cause of inflation.

There have been recent signs of growing public awareness that wage increases are compatible with reasonable price stability. Thus, President Kennedy's request to the steel industry to refrain from price increases in late 1961, when wage increases were scheduled to go into effect, pointed out that the wage increases were outweighed by rising productivity and that the industry could pay for them without an increase in prices and still enjoy good profits.

4—Another national publicity campaign against unions has sought to brand unions as blocking productive efficiency through allegedly restrictive "work rules." The generalized attacks put in dishonest perspective the factual situations involved. Indeed, in the two industries in which management assaults on long-established types of work rules were conducted with the greatest national publicity, the steel and railroad industries, union cooperation with technological innovation has been outstanding and productivity advances have run well ahead of those typical in industry generally.

5—In several industries, noteworthy new experiments have been undertaken in the use of formal study committees on continuing basic problems, with the object of joint exploration away from the time pressures of a bargaining table deadline. In some instances, the committees have included outside experts as well as representatives of the union and management.

6—There has been increased bargaining emphasis on measures to assure steady income and employment security. Much attention has been directed to means of easing any adverse impact

or technological change in plant relocation.

The result has been increased adoption and improvement of plans to provide income for laid-off workers, principally through plans for weekly benefit payments to supplement statutory unemployment compensation and through severance pay arrangements. Increasingly, workers on layoff are being assured continued protection of hospital and medical benefits. Also, there has been a great growth of agreement on notice and other procedures for orderly introduction of new technology, with transfer rights and, increasingly retraining programs, to aid affected workers.

7—Most unions have continued to stress improvement of health and welfare benefit plans to better meet the health and emergency financial needs of workers and their families. This has led to frequent liberalization of plans for hospital and medical care, pay for absence during illness, and life insurance.

Such plans, at one time often financed in part through worker contributions, are now ordinarily financed entirely by the employer. Both the steel and auto industry settlements, negotiated since the last report of the council, provided for the change from a contributory to an employer-pays-all program.

To aid workers retirement needs, unions have widely negotiated and liberalized employer-financed plans for retirement pensions and have rapidly been succeeding also in maintaining

health and welfare benefit coverage after retirement.

8—Steady progress has been made, too, in the expansion of paid leisure time through negotiation of longer paid vacations and additional paid holidays. A large proportion of settlements have been reducing the years of service required to qualify for vacations of 2, 3 and 4 weeks, and have been adding another

holiday or two to make at least 7, 8 or more each year.

9—One major union objective, a reduction in weekly hours of work with the same or increased weekly pay, in order to help maintain employment and translate technological progress into greater leisure rather than worker displacement, made relatively little headway in bargaining in the last two years. However, there was increased discussion of shorter hours in various negotiations and, especially if unemployment pressures mount, the groundwork has been laid for possibly rapid acceptance of shorter workweeks in the years ahead.

Minimum Wage

Legislation to extend the coverage of the Fair Labor Standards Act to wage earners who had been unjustly and unjustifiably denied its protection and to raise the minimum wage for workers under the act to \$1.25 an hour was a high priority objective of the AFL-CIO during the second session of the 86th Congress and the first session of the 87th Congress. These objectives were substantially achieved when Congress passed the Roosevelt-McNamara Fair Labor Standards Amendments of 1961 early in May 1961.

The Fair Labor Standards Act, from the time of its passage in 1938, excluded from its protection more than 20,000,000 workers who could and should have been protected by the act. In the 86th Congress the AFL-CIO gave full support to the Kennedy-Morse (D-Ore.)-Roosevelt (D-Calif.) bills which would have extended coverage under the act to 7.8 million additional workers.

and raised the minimum to \$1.25 an hour.

Prior to the beginning of the second session of the 86th Congress the AFL-CIO Joint Minimum Wage Committee was reconstituted and worked with the AFL-CIO staff to mobilize support for minimum wage legislation. The campaign received important assistance from the Citizens Committee for the Fair Labor Standards Act, a group composed of distinguished citizens around the country and headed by Dean Francis B. Sayre of the Washington Cathedral.

No Progress in 1960

In June 1960 the full House Education and Labor Committee reported a modified Roosevelt bill extending the protection of a minimum wage rising from \$1.00 to \$1.25 an hour over a three-year period and a maximum workweek reducing to 40 hours over a four-year period to about 3.5 million additional workers, and raising the minimum wage for then-covered workers to \$1.25 an hour over a two-year period.

This House Labor Committee bill was clearly compromise legislation. Mild as it was, however, the committee bill was strongly opposed by the American Retail Federation, the U. S. Chamber of Commerce and other employer groups. At their instigation the Republican-Dixiecrat coalition gave its support to a far weaker substitute sponsored by Rep. William Ayres (R-Ohio)

and Rep. Paul Kitchin (D-N.C.).

The Kitchin-Ayres substitute would have extended the protection of a minimum wage of \$1.00 an hour, without future stepups and without maximum hours coverage to some 1.4 million workers employed by retail chains having five or more stores in two or more states; the minimum wage for already covered workers would have been raised only to \$1.15 an hour. Nevertheless, when the grossly inadequate Kitchin-Ayres bill was of-

fered as a substitute for the House Labor Committee bill, the conservative coalition succeeded in securing its adoption by the House by a roll call vote, 211 (90 Democrats and 121 Republi-

cans) to 203 (176 Democrats and 27 Republicans).

In the Senate, meanwhile, the Senate Labor Committee reported a modified Kennedy-Morse bill extending the protection of a minimum wage rising from \$1.00 to \$1.25 an hour over a three-year period and a maximum workweek reducing to 40 hours over a four-year period to about 5 million workers in retail, service, laundry, transit, telephone, and other industries, and raising the minimum wage for already covered workers to \$1.25 an hour over a two-year period.

The most important and closest test on the Senate floor came on a motion by Sen. Wayne Morse (D-Ore.) to table an amendment by Sen. Mike Monroney (D-Okla.) limiting extension of coverage for retail and service employes to those employed by chains operating in two or more states. This amendment was similar to, although somewhat less restrictive than, the Housepassed bill. The Senate rejected it by a vote of 50 (42 Democrats and 8 Republicans) to 48 (23 Democrats and 25 Republicans).

After the bill had passed the Senate, the House Rules Committee delayed action until it was assured that the House conferees, led by Rep. Graham Barden (D-N.C.), would agree only to a bill patterned on the House-passed legislation. In the ensuing conference the House conferees refused to agree to any change in the House-passed bill, except to correct an error. The Senate conferees, under the leadership of Sen. Kennedy, refused to accede to this position on the basis that if they were to do so any real chance for adequate minimum wage legislation would be foreclosed for years to come. They took this position, with the support of the AFL-CIO, in the hope and belief that more adequate legislation could be enacted during the 87th Congress.

The Administration Bill in 1961

Within three weeks after his inauguration, President Kennedy sent to Congress legislation to improve and strengthen the Fair Labor Standards Act largely based on the bill which, as a senator, he had steered through the Senate during the previous Congress. As introduced by Rep. James Roosevelt (D-Calif.) the bill (H.R. 3935) proposed extension of minimum wage coverage to an estimated 4.3 million employes. It provided for an initial minimum wage of \$1.00 an hour for these newly covered workers, to be followed by three annual step-ups to \$1.25 an hour. No maximum hours protection was provided for newly covered workers during the first year, but a maximum workweek of 44 hours was to go into effect during the second year, 42 hours during the third year, and 40 hours thereafter. The minimum wage for already covered workers was to be increased to \$1.15 an hour initially, to \$1.20 an hour in the second year and to \$1.25 an hour thereafter.

While the AFL-CIO had been prepared to accept joint Senate-House agreement on such a bill under the conditions that prevailed in August 1960, the bill proposed by the Administration was disappointing as a starting point for consideration of minimum wage legislation by the Congress. The AFL-CIO made clear its view that the legislation introduced by Rep. Roosevelt was too modest and called for its improvement, particularly in

respect to providing broader coverage.

Secretary-Treasurer Schnitzler and Andrew J. Biemiller, director, Department of Legislation, appearing for the AFL-CIO before the respective House and Senate subcommittees, urged the Congress to broaden the new coverage to encompass 5.9 million employes, instead of 4.3 million as proposed by the Administration. They called for coverage of retail establishments having \$500,000, instead of \$1,000,000, in gross annual sales, inclusion of hotels and restaurants, non-profit hospitals, transit and shipping lines, and narrowing of the exemptions for logging operations and food processing industries. They also called for immediate application of maximum hours provisions to newly covered workers and an immediate increase in the minimum wage for already covered workers to \$1.25 an hour.

The opponents of minimum wage improvements argued against extension of coverage by demanding that the job still be left to the states. They also claimed that an increased minimum would be inflationary and would lead to widespread layoffs of low-wage

workers.

AFL-CIO representatives emphasized that, with few exceptions, the states have demonstrated unwillingness or inability to provide adequate minimum wage protection for workers left uncovered by the federal act. They stressed also that past experience proved that improved minimum wages do not cause inflation and that any adverse employment effects in marginal industries would be negligible and would be more than offset by increases in employment generated by increased buying power of those who benefit from a higher minimum.

The House Labor Committee reported the Roosevelt bill substantially without change on March 13, 1961. President Meany urged adoption of the bill by the House, pointing out that:

"Although this measure does not include all of the improvements in the Fair Labor Standards Act which the AFL-CIO thought desirable, it is basically a good bill which will provide much delayed justice and equity for millions of American

workers."

Although the committee bill was a modest compromise measure the Republican-Dixiecrat coalition again proposed the Kitchin-Ayres substitute. This time, the House leadership determined to attempt to defeat it with a substitute of its own, instead of by a straight-out vote such as had failed in 1960. The House leaders, with the agreement of the Administration, took the position that it was of the utmost importance for the House to retain as broad coverage provisions as possible and particu-

larly to defeat the Kitchin-Ayres "5 and 2" coverage concept; concessions could be made on minimum wage and maximum

hours which could readily be corrected in the Senate.

Accordingly, a substitute bill was drafted and introduced by Rep. Carl Albert (D-Okla.) providing, with respect to already covered workers, an increase in the minimum wage to \$1.15 an hour immediately, and to \$1.25 an hour after two years, and with respect to newly covered workers, a minimum wage of \$1.00 an hour immediately, but no future step-ups and no maximum hours protection. The new coverage provided for in the Albert bill, however, was substantially the same as that provided for in the committee bill, except that a new limitation was added, namely, that an enterprise would not be covered if less than 25 percent of its annual gross dollar volume of business depended on interstate commerce.

Defeat in the House

Mainly because there was no realistic alternative, the AFL-CIO supported the leadership's plan to substitute the Albert bill for the Kitchin-Ayres bill. Unfortunately, despite further weakening of the bill by House adoption of an amendment excluding all new coverage for laundry workers, the House refused by a one-vote margin (186-185) to substitute it for the Kitchin-Ayres bill. The House then went on, by a vote of 216 (177 Democrats and 26 Republicans) to 203 (75 Democrats and 141 Republicans), to adopt the Kitchin-Ayres substitute and once again sent the bill, thus amended, to the Senate.

The Senate committee reported the McNamara bill (S. 1457), containing provisions generally along the lines of the bill passed by the Senate in 1960 and the legislation proposed by President Kennedy in 1961. Terming the bill the "irreducible minimum in wage and coverage extensions long overdue," President Meany urged its passage by the Senate "without any amendment or

substitutes which would weaken or dilute" the bill.

Victory in the Senate

When the Senate bill reached the Senate floor for debate on April 13, 1961, the fight for its passage was led by Sen. Pat McNamara (D-Mich.). Eight major amendments were offered and rejected on roll call votes. Once again, one of the most important votes came on an amendment proposed by Sen. Monroney to limit coverage of retail, service, laundry, and construction enterprises to those operating in two or more states. This time, however, the amendment was decisively defeated by a vote of 56 (43 Democrats and 13 Republicans) to 39 (20 Democrats and 19 Republicans). Also defeated was an amendment proposed by Sen. George Smathers (D-Fla.) to eliminate broader coverage for laundry workers by a vote of 52 (42 Democrats and 10 Republicans) to 45 (21 Democrats and 24 Republicans). Passage of the Senate Committee bill virtually without change, and particularly the rejection of these amendments, enabled the

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Senate conferees in the joint Senate-House conference that followed to obtain agreement on nearly all of the major provisions of the Senate bill, although the Senate conferees were reluctantly forced to give up the coverage for laundry workers that had

been preserved by defeat of the Smathers amendment.

In addition to coverage for laundry workers, the Senate conferees were also forced to yield on coverage for employes of auto and farm equipment dealers and some transit employes. All of the other main provisions of the Senate bill were retained by the conference committee. The conference committee bill extended coverage to 3,624,000 more workers employed in large retail, service, construction and transit enterprises, and in the shipping, telephone, and fish processing industries. The minimum wage for the 23.9 million workers already covered by the Fair Labor Standards Act was increased to \$1.15 an hour and will go to \$1.25 an hour after two years.

For Puerto Rico, where minimums are set on an industry basis by tripartite committees, existing minimums were increased by 15 percent, with an additional 10 percent rise to go into effect after two years, to match on a percentage basis the increase on the mainland; different amounts are permitted where a review committee appointed by the Secretary of Labor on an appeal from an industry based on alleged hardship makes such a

recommendation.

New Coverage Schedule

For newly covered wage earners, the minimum wage and maximum hours provisions of the act are applied according to the following schedule:

	Minimum Wage	Overtime After
First year	\$1.00	No maximum hours
Second year	\$1.00	No maximum hours
Third year	\$1.00	44 hours per week
Fourth year	\$1.15	42 hours per week
Fifth year and afte	er \$1.25	40 hours per week

On May 3, 1961, both the House and the Senate passed the conference committee bill, the House by a vote of 230 (197 Democrats and 33 Republicans) to 196 (58 Democrats and 138 Republicans), and the Senate by a vote of 64 (48 Democrats and 16 Republicans) to 28 (13 Democrats and 15 Republicans). President Kennedy signed the bill into law on May 5, 1961 (P.L. 87-30).

With the enactment of the Fair Labor Standards Amendments of 1961 Congress has finally taken the urgent, yet long-delayed, step to extend the protection of the Fair Labor Standards Act to several million low-paid wage earners who have needed this protection and to raise to more realistic levels the

minimum wage standards the Act requires employers to observe. At the same time, as President Meany has said, the new law:

"is by no means the end of our efforts in behalf of the 'working poor'. More than 15 million wage earners remain outside the scope of the law; many of them, such as the laundry, hotel and restaurant workers, badly need its safeguards. While the new bill is a long step forward, it must be followed by other strides toward the final elimination of starvation wages and sweatshop hours from all phases of American life. We in the AFL-CIO pledge our full efforts toward this end."

Another basic objective of the AFL-CIO, amendment of the Fair Labor Standards Act's 40-hour workweek standard to establish a 7-hour day, 35-hour week, was not given extensive consideration by the Congress because of the higher priority attention given to extension of coverage and increase in the minimum

wage.

2.5 Million Benefit

It is too early to report in detail on the effects or administration of the 1961 amendments, but it appears clear that extended coverage and increased minimum wages have readily been taken in stride by the economy and with considerable beneficial effects, with some 2.5 million low-paid workers benefiting immediately from wage raises required by the new amendments.

In Puerto Rico, 11 industries, or about one of every three, appealed from the requirement of a 15 percent increase in their minimums. The Secretary of Labor accepted 10 of the appeals as warranting appointment of a review committee. In the first

industries considered by a review committee, increases of less than 15 percent were authorized in order to avoid substantial

curtailment of employment.

A significant problem which developed in the first months following passage of the amendments has been the efforts of the retail industry and other newly covered employer groups to obtain interpretations of the act which would in effect limit or undercut protection provided by the new amendments. The AFL-CIO is seeking to prevent such erosion of protection by devoting special attention to the need for effective administration.

Nevertheless, in one significant area, the amended act has already been interpreted in a manner which may open a serious loophole. The Wage and Hour Division has announced that it would, subject to certain conditions, authorize retail and service establishments to employ students at subminimum rates. The conditions appear unduly lenient and, if loosely applied, this practice of subminimums for students could function both to deny to working students the benefits of minimum wage standards and to undermine the effectiveness of minimum wage coverage in the retail industry.

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International Relations

The International Situation

World tension has reached ominous heights since Khrushchev made his "good will" tour of the United States in September 1959. His visit generated the "Spirit of Camp David." Then, hopes for peace and friendshp between the free world and the totalitarian Communist bloc were widespread. At this time, when many had illusions about the real aims of the Soviet drive for

"peaceful co-existence," our Third Convention declared:

"American labor holds that it would be folly to hide the gravity of the crisis confronting humanity... Our country and the free world should not underestimate the growing Soviet industrial and military power for aggression... Khrushchev has been more truculent and demanding in his aggression than Stalin. The present Kremlin course towards the problem of German reunification and Berlin is far tougher than the harshest proposals put forward under Stalin... The Kremlin is seeking to push its territorial position considerably westward by absorbing first Berlin and then all Germany behind the Iron Curtain. No diplomatic niceties or jovial smiles can hide this ominous development."

Though Berlin continues to be the focal point of the world crisis, it is not the only source of acute tension. Laos, Viet Nam, Iran and the Congo are tinderboxes of an international conflagration. The reason for this tragic aggravation of the world crisis is the unceasing ruthless aggressiveness of the Soviet Union whose totalitarian empire is a gigantic military camp poised for war, conquest and domination. Its economy is geared to production for war and aggression. The peoples under the yoke of the Sino-Soviet Axis are living under a despotism which is more totalitarian than any other dictatorship in history. The war with which Khrushchev now threatens the world would inflict on mankind far more catastrophic destruction than the war launched by Hitler.

The persistent efforts and repeated concessions by our country and its allies have not swerved the Soviet aggressors from their

perilous course. On the contrary, the Kremlin rulers have seized upon every Allied concession as an indication of free world weakness and invitation to step up their drive for subverting and dominating every independent country and freedom-loving people. Thus is the world being torn asunder by the Sino-Soviet dictatorships through their brute struggles for power inflamed by national conceit and fanatical Communist contempt for human liberty.

In this light, the Executive Council declared on February 11, 1960 that it is vitally necessary for our country and our working people in particular to understand the most important international problems and tasks. Towards this end and because of "the interest, initiative, and activities of the AFL-CIO in . . . our country's foreign relations and in the development of the international trade union movement," the Executive Council called a conference to deal with "The central issue of our times 'The Struggle For Peace and Freedom." This conference, held in New York City on April 19-20, 1960, was the first of its kind called by American labor. Its sessions were well attended and marked by lively discussions. President George Meany, General John B. Medaris, Henry A. Kissinger, Frank Tannenbaum, David N. Rowe, William C. Foster and Ernest Grigg addressed the gathering over which Vice President George M. Harrison presided. At the closing, dinner session, Vice President Walter P. Reuther presided and Under-Secretary of State Douglas Dillon made an address which attracted worldwide attention. For Moscow, this address marked the turning point in its calculations as to what it could expect at Summit negotiations with the Big Three.

Vital sections of the above addresses were published as a special 250,000-copy Sunday supplement of the May 8, 1960, issue of the New York Times (inclusive of its International Edition). The proceedings of this historic Conference were later published as a booklet "For World Peace and Freedom." The conference and the Sunday supplement, coming on the eve of the ill-fated Summit scheduled for May 11, 1960, helped our country, in the words of Vice President George M. Harrison, to "replace apathy with alertness and action, complacency with a sense of urgency, and confusion with clarification, understanding and a sense of purpose and direction."

When Khrushchev saw that his projected Paris Summit would not net him what he wanted, he promptly torpedoed it. The Soviet dictator saw no use in going into any Summit sessions where he could not "negotiate" the Big Three into giving him Berlin or accepting his proposal for uncontrolled arms reduction which would only undermine western capacity for effective military defense. For the Soviet dictator to participate in a Summit under such circumstances would be a severe blow to his paramount position in the international Communist movement and

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would slow down his drive for Soviet world domination. Hence, Khrushchev seized upon the U-2 affair as the excuse for breaking

up the Paris top level gathering.

Positive as well as negative results followed from the Summit fiasco at Paris. Khrushchev's blowing up the Summit helped to disillusion many people to see more clearly how this generalissimo of Soviet aggression was pushing his plans for world conquest under cover of hypocritical smiles and pretensions to peaceful co-existence. Especially salutary was the effect on the ranks of organized labor in Germany and Britain where there had been developing a drift towards suicidal pacifism and uni-

lateral disarmament.

The Soviet rulers soon hastened to rally and reorganize the world Communist movement for an invigorated drive against the free and peaceful nations. At the close of November 1960, Khrushchev held an international Communist Summit Conference of 81 parties in Moscow. This gathering, the largest of its kind in more than 25 years, set up a highly centralized world Communist apparatus for waging bitterly intensified political warfare particularly against our country. Having recovered much of the ground the USSR had lost in the Polish revolt and the Hungarian revolution of October 1959 and flushed with conceit over the growth of Soviet space technology and military missile might, the Russian dictator had his Communist Summit Conference adopt a manifesto which called for all-out subversive and other attacks against the free world. This manifesto charged slanderously that our country "has become the biggest international exploiter" and "the chief bulwark of world reaction and an international gendarme . . . an enemy of the peoples of the whole world." The line adopted by this world Communist Summit definitely indicated Soviet foreign policy for months ahead.

In its June 27, 1961 statement on the deepening world crisis, the Executive Council pointed out how Moscow "has intensified its worldwide subversive activities and expanded Communist infiltration and penetration of the developing countries, under cover of giving economic aid. It has been arming and inciting regimes (Cuba) hostile to the United States and fostering and supporting so-called wars of liberation (Laos). More recently, Khrushchev has made open military threats against the West

in his ultimatum over Berlin."

The Developing Countries

Seventeen new African states, most of them from the former French colonial empire, have been admitted to the United Nations in 1960. This welcome development has been marred by the continued strife in the formerly Belgian Congo. In considering this situation the Executive Council stated that "violence and warfare have opened the door to Communist penetration" and that

"the tragedy of the Congo has been stirred up and aggravated by the machinations of the Soviet Communists." The Executive Council urged our government "to support vigorously the United Nations and Secretary General Hammarskjold, in their continuing struggle to save the Congo from anarchy and misery and to protect it against the unilateral intervention or presence of the USSR, of Belgium, or any country that would attempt to exploit the confusion and the chaos in the Congo." The council condemned "the brutal murder of Patrice Lumumba" and urged "a full, prompt, and impartial investigation by the UN to fix responsibility for the crime." The Executive Council proposed to our government "to extend every practical aid in strengthening the efforts of the United Nations to the end that the people in the Congo can achieve a stable and independent government and can develop their economic resources . . . and raise their living standards."

In the other 16 countries the transition from colonial status to full independence has been achieved with a minimum of violence and often with real political maturity and responsible leadership as in Nigeria which is the largest African country with a population of 40 million. On the occasion of Nigeria's attainment of national independence, President Meany sent a

message of goodwill which said:

"We believe and hope that the fight for the emancipation of individual African countries will be not only a prelude to an independent and sovereign continent, but to a united, democratic and independent Africa; yes, if possible a United States of Africa... Towards this end, the Executive Council of the AFL-CIO has urged upon our government to use every effort to persuade our European allies that the survival of the free world requires that the African people attain their independence as rapidly as possible; to inform our Allies frankly that the United States intends to assist the African peoples to achieve their objectives by peace-

ful and orderly means."

As a member of Committee Two, on Economic Development of Underdeveloped Countries, President Meany addressed the United Nations on "U.S. Aid to Less-Developed Areas" and stressed America's strongest sympathy with and support of "the desire and determination of various peoples to build the most modern plants in the quickest possible time. . Nonetheless, we should avoid those shortcuts to industrialization which might short-circuit the human aspirations, the human dignity, and rights and liberties of the peoples. . . We of American labor think that it is absolutely necessary for the freedom and economic health of these countries that they have strong free trade union movements with full opportunity for genuine collective bargaining and decent working conditions. . Only free individuals and free nations joined together can attain fully the objectives towards which the UN strives. We cannot and should not overlook

the fact that totalitarian states—in offering economic aid to underdeveloped nations—have no purpose in mind except the ultimate enslavement of others." (November 5, 1959)

In this spirit, President Meany cabled the Second All-African Peoples Conference at Tunis (January 22, 1960) AFL-CIO as-

surance:

"To the workers of those nations which have recently won their national freedom, we pledge our best efforts to help their countries secure all aid necessary for developing their economy, improving working and living standards, and building democracy and genuine free trade unions—unions free from domination by

employers, governments and political parties."

On February 14, 1960, the Executive Council adopted a resolution on "National Freedom and Free Labor in Africa" which declared: "The workers in the colonial countries of Africa cannot fight with their full strength for social and economic justice until the problems of national independence has been solved." That is why "American labor has welcomed the emerging trade unions being in the forefront of the struggle for their countries' national and human freedom." The resolution further advocated that: "the free trade unions, fighting militantly against all economic exploitation and for the social and economic interests of the working people, are the most reliable force for preventing the recurrence of colonial policies and practices in new and subtle forms under any flag." The Ghanaian government policy to turn the Ghana Trade Union Congress into an official agency for depressing the interests of the workers demonstrates the soundness of this AFL-CIO position.

The AFL-CIO has looked with genuine favor upon the development of bona fide Pan-Africanism by underscoring that "free world labor should view Pan-Africanism in its proper focus as a movement which developed in protest against the colonialism of the European powers." Simultaneously, we pledged to the emerging African unions that we oppose "any policy or action which would be construed as an effort to impose on African labor some particular European or American pattern of organization structure... These unions are bound to develop forms of organization

most suitable to their own specific conditions."

Towards promoting national freedom, democracy and economic progress in Africa, the Executive Council called for "generous and financial aid by our government to help the Algerian refugees, especially the children's home established in Tunis by the UGTA, for "government and non-government institutions to increase substantially their facilities for scholarships and delegation exchanges for all African countries" and for speeding "negotiations to end the war in Algeria and assure self-determination for its people."

On the occasion of the UN Fifteenth General Assembly, President Meany addressed a letter to the ICFTU affiliates in Algeria,

Libya, Morocco and Tunisia, urging "every member state to support a UN-supervised vote" as a "democratic and peaceful solution" of the conflict in Algeria. This letter, a copy of which was forwarded to Secretary of State Christian Herter, underscored that we of American labor realize that the longer the military conflict continues in Algeria, the greater the likelihood of its becoming "a serious threat to world peace and freedom . . . and the graver the danger of Communist penetration." (October 28, 1960). In acknowledging this letter, Acting Secretary of State Dillon said that "It is accepted by all concerned that the solution is to be found through self-determination. This is an objective we have, as you know, heartily endorsed.

The heroic war for national independence by the Algerian people, now in its eighth year, has had a profound impact on Africa, Europe, and the entire international situation. Throughout this struggle. American labor has championed the right of the Algerian people to self-determination and urged that our government endeavor to have France break completely with colonialism in all North Africa. In view of the progress made in this direction after General de Gaulle became president, the Executive Council welcomed the efforts "being made for negotiations between France and the representatives of the Algerian Provisional Government" and expressed its fervent hope that peaceful political solutions will be found for the development of a free, democratic and independent Algeria." (February 22, 1961).

When the French government resorted to military aggression against Tunisia, President Meany telegraphed Secretary of State Dean Rusk on July 21, 1961 strongly urging "full American support for the Tunisian people in their courageous struggle to have all French military forces leave their country" and "our government should energetically employ its own good offices and through the UN to speed French evacuation of all Tunisian territory." Secretary General Ahmed Tlili of the General Union of Tunisian workers (UGTT), acknowledging the prompt AFL-CIO solidarity, cabled in reply "the Tunisian workers actively participating in the national struggle for the liberation of our fatherland thank you warmly for your support which was dictated by the solidarity existing between all workers of the world."

The UN General Assembly having been called into special session in order to hasten the end of the crisis over Tunisia. President Meany again pleaded with Secretary of State Rusk that "our government take initiative and leadership . . . to rally full world opinion for ending Bizerte crisis on the basis of unconditional guarantee of Tunisia's territorial integrity and complete right of Tunisian government to exercise full and unharassed sovereignty over all Tunisian territory including Bizerte." Since the Tunisian crisis coincided with the Soviet drive against Berlin, President Meany underlined the fact that

"the outrageous Soviet violation of right of self-determination makes it imperative for American government to demonstrate anew its unceasing loyalty to this principle not only in Europe but in Tunisia and the entire world." (August 16, 1961)

Voicing "its deep concern over the continued brutal and inhuman racial policies of the government of South Africa," the Executive Council approved in principle on February 14, 1960 "the boycott by consumers of all South African raw materials and manufactured goods imported into the United States." On March 30, 1960, President Meany urged our government to demand UN action against the South African government over "the wanton, ruthless killing of more than 80 Africans and wounding of many others by the South African police near Johannesburg' which "has shocked and horrified the civilized world."

Germany and Berlin

The AFL-CIO has consistently advocated that the crisis over Berlin and Germany be settled within the framework of the principle of self-determination. The AFL-CIO has persistently opposed all moves-camouflaged or sugar-coated, direct or indirect—to appease Soviet imperialism. Realizing that the ideals and interests of the free world are at stake in this crisis, the

Executive Council stated on June 24, 1961:

"In his latest memorandum on Germany, the Soviet dictator demands a Berlin settlement by the end of the year. The Khrushchev settlement would deprive West Berlin of Allied military protection, cut it off from economic, financial, political, and cultural ties with the Federal Republic and make its economic life totally dependent on the Soviet Zone. Thus, West Berlin would soon be swallowed up by the Communist sea in which it is today an island of freedom and prosperity. This is the real aim of the Soviet proposal to make West Berlin a so-called free city."

This analysis has since been brutally confirmed by the wall which Moscow and its puppet Ulbricht regime have set up to seal off West Berlin from East Berlin. To achieve its goal in the German crisis, the Kremlin has resorted to atomic blackmail diplomacy in order to intimidate NATO and the Big Three in an atmosphere of thermonuclear terror. This aim was one of the primary reasons why Khrushchev unilaterally resumed nuclear tests-even at the risk of offending some of his so-called neutralist supporters. The Soviet dictator continues to attach the highest value to Berlin in his drive for world domination.

Chancellor Konrad Adenauer and Berlin's Mayor Willi Brandt welcomed the position taken by the Executive Council in categorically rejecting the Mansfield and other proposals which would enable the Soviet aggressor to take over Berlin and, thereby undermine the faith of the entire German people in the Allies' determination to defend their own rights as well as freedom and

peace in the heart of Europe.

Realizing "the deepening international crisis caused by the latest Soviet threat to the security of our country and all the other free peoples," the Executive Council urged, on June 27, 1961, "our government . . . to arouse the free world and give the American people the sense of urgency and readiness the hour demands" and requested Congress "to grant the President full emergency power for mobilizing promptly all resources of the United States required to meet any eventuality." The Executive Council appealed to our government "to act immediately to alert the American people to the gravity of the international crisis and strengthen our country's capacity for national defense and all possible emergencies."

Readiness on the part of American labor to accept fullest responsibility in this hour of national peril was made clear in the Executive Council plea that our government should "appoint a special commission—in which the trade unions and other vital voluntary organizations are to be represented—for the purpose of surveying and making recommendations for the elimination of government and private policies and practices—such as the sale of machinery and food to Communist countries, extension of aid to Soviet satellites, racialism in the United States—which have tended to help the Communist bloc alleviate or overcome its

own serious economic and political difficulties."

We cannot emphasize too strongly that our country and its allies, always ready to negotiate for the just and peaceful settlement of pressing international issues, should be on guard against any "arrangements" or "agreements" which would sap the morale of the democratic forces of Germany and weaken the role of the German Federal Republic as a first line member of NATO. Such "arrangements"—no matter how they may be dressed up—would crush the hopes of the people of the captive nations for freedom and destroy their faith especially in the United States as a country willing to defend human freedom regardless of Moscow's terror tactics.

Foreign Aid

Since our Third Convention, the Executive Council has stepped up its efforts to assure the continuation of a sound foreign aid program by Congress. On June 27, 1961, the Executive Council expressed its "general support for the foreign economic aid program submitted to Congress by the present Administration" and pointed out that it was "particularly glad to endorse the program as submitted to Congress because it includes a number of policies which have been advocated in the past by the AFL-CIO and, in particular, in the resolution adopted by our last convention in 1959." Among its specific proposals, the Executive Council called for "unified administration" of all foreign aid "by a single agency;" "programs carefully tailored to the requirements and

potentialities of each country;" "long-term planning and financing" and "long-term and low interest loans for economic development." President Meany made a nationwide radio appeal in behalf of the foreign economic aid program.

Hungary

The AFL-CIO has not forgotten and can never forgive the Soviet rulers for their bestial crime against the Hungarian people. In his statement of October 23, 1959, President Meany declared, on the occasion of the Third Anniversary of the Hungarian democratic revolution, that "the free world must condemn in no uncertain terms the continuous Soviet contempt for the efforts of the UN in behalf of the Hungarian people. It is more urgent than ever that the 14th General Assembly of the UN should reject the credentials of the Communist government imposed on the Hungarian people by Soviet tanks and bayonets." President Meany further urged that "the Hungarian question be given full consideration in all forthcoming international diplomatic conferences—including those on the highest level."

Franco Spain

The Executive Council has continued to oppose the Franco dictatorship. President Meany joined in successfully interceding with the Secretary of State in behalf of two anti-Franco Spanish seamen and helped to prevent their deportation to Spain because of their defecting from Spanish naval training ships. President Meany warmly welcomed a delegation of Spanish Trade Unions in Exile and urged "the governments of the democratic countries to disdain association with the Franco government in the councils of free men, in view of the totalitarian and police character of the regime in violation of the UN Declaration of Human Rights."

United Nations

On the eve of the UN Fifteenth General Assembly, September 17, 1960, President Meany pointed out that "Khrushchev's overriding aim is to use the UN as the world's most powerful sounding board and platform from which to spread slanderous propaganda against our nation and the democratic way of life... The entire record of the Soviet dictatorship and its satellites in the UN is one of insolent contempt for the aims of the UN, flagrant violation of its decisions, and consistent refusal to aid its endeavors to help the economically underdeveloped countries attain well-being and security. Like Stalin, Khrushchev is in reality an enemy of the United Nations."

Since the Fifteenth General Assembly, Moscow has been driving hard to impose, as the Executive Council stated on June 27, 1961, "a drastic reorganization of the entire structure of the

UN so as to paralyze its capacity for advancing international co-operation, safeguarding peace, and assisting the economic growth and stability of the new nations." Moscow is trying to incapacitate the UN Secretariat by replacing the General Secretary with a triumvirate, a "troika"—a Russian, an American and a representative of the so-called neutrals, each with veto power. The sinister implications of the Soviet maneuver were pointed out by the Executive Council in its above statement: "This "Troika' strategy, first projected by Khrushchev in his plan for 'reorganizing' the UN, has since been proclaimed by the Soviet

dictator as 'a basic position and not negotiable."

On the eve of the Sixteenth General Assembly, when the UN was in its deepest crisis and uncertainty, President Meany issued a statement mourning the loss of Dag Hammarskjold and emphasizing that: "His death comes at a moment when the very existence of the United Nations is seriously threatened by sinister forces that are maneuvering to deny the UN every capacity for initiative and effective action in maintaining peace and promoting freedom and social and economic progress. . . . The Sixteenth General Assembly can build the greatest monument to the memory and splendid contributions of the deceased Secretary General by pursuing with unswerving loyalty and redoubled vigor his policy for building the United Nations into an evermore effective instrument for protecting the smaller and weaker nations and preserving world peace."

ILO

In each country outside the Iron Curtain, the Communist parties seek to penetrate all organizations and utilize them as instruments with which to advance the interests of Soviet imperialism and the triumph of communism. On a world scale, the Kremlin seeks to participate in all international organizations with a view of exploiting them for advancing its cold war objectives and final aim. Thus, the ILO, whose basic conceptions are diametrically opposed to the theory, practice, and goal of totalitarian communism, has in recent years, become a special target of such penetration by the Soviet dictatorship and its satellites.

On February 21, 1961, the Executive Council considered this dangerous trend. It adopted a resolution evaluating "The Trade Union Situation in the USSR—Report of a Mission from the International Labor Office." This report brought "into bold relief the difficulties now tending to weaken the ILO—especially in its efforts to promote the 'recognition of the principles of freedom of association' and the adoption of 'humane conditions of labor.'" This report confirmed that participation by "totalitarian governments and their agencies . . . in ILO affairs . . . has tended to make it more difficult for the ILO to promote its aims." The

Executive Council stated that "though the mission itself noted that the Soviet trade unions were dominated by the Communist Party and the government, it declined to state whether these unions' were free and independent. It even went further. It concluded that the capacity of these so-called unions to carry out the order and policies of the Soviet dictatorship constituted proof that their influence and power are considerable. Actually,

this capacity proves the very opposite."

Recognizing that this trend of affairs is particularly harmful to the developing countries, the Executive Council reaffirmed "its unqualified support of the ILO" and called upon "our government and employers to join with the AFL-CIO in redoubled effort to: (1) strengthen the capacity of the ILO to promote the ideals and aims of its constitution; (2) to help safeguard the ILO against those forces within its organization which are, in their aims and actions, opposed to its ideals and hostile to its objectives; (3) urge the Governing Body to make clear that the International Labor Office Mission to the USSR did not conduct its inquiry in accordance with the rules laid down by the Governing Body; and its report does not over-ride or supplant the previous findings of the Committee on Freedom of Association of the International Labor Organization."

Conclusion

In his appearance before the Platform Committee of the Democratic Party on July 8, 1960, President Meany clearly stated that "We want peace. We want disarmament. We want a permanent end to military atomic tests and an end to the production of atomic weapons. But we are unalterably convinced that we can achieve these ends only if we face the forces of totalitarianism

in a posture of strength-total strength.'

To date, the western democracies have been able to save the free world from Soviet conquest and Communist domination only by their joint strength—military, economic and political. Stepped-up Soviet aggressiveness makes it imperative that this unity and strength be considerably augmented and that NATO be rebuilt so that it can serve ever more effectively in preserving world peace and human freedom. In this hour, the liberty-loving peoples of all continents and races can have no more urgent task than to unite their human capacities and material resources to end poverty and hunger, to eliminate dictatorship and all forms of colonialism and to end the threats to peace and freedom.

Castro's Threat to Latin America

The political scene in Latin America since our last convention in San Francisco has been dominated by the repercussions of the Communist takeover in Cuba under Fidel Castro and its threat to inter-American security.

At its May 4, 1960 meeting, the Executive Council adopted a

statement on Cuba in which it reviewed the successive steps which had led to the establishment of a totalitarian police state with complete suppression of trade union independence, political opposition, freedom of press and all other democractic rights.

The statement also analyzed the "intensive violent campaign of hatred and scorn against the United States," and the repudiation on the part of the Castro regime of the treaties which are the foundation of the inter-American system. The council concluded that "the disruptive activities of the Cuban government can no longer be lightly dismissed as outbursts of inexperienced, youthful leaders swept by the upsurge of economic nationalism. They have all the earmarks of a well-planned strategy designed to make Cuba an advanced outpost of the Soviet Union's drive to infiltrate the New World."

The Cuban situation was analyzed in another statement adopted by the Executive Council, at its February 28, 1961 meeting, which stated that "It is now clear to all that Cuba has become a Soviet satellite and that it is being openly and boastfully used as a staging area for the internal subversion and ultimate control of all Latin America." We urged, therefore, the Organization of American States (OAS) to undertake collective action against the Castro regime, including the breaking of diplomatic relations and the imposition of economic sanctions.

Another review of the Cuban Communist danger, with its constant threat to the democratic stability of Latin America, was made by the Executive Council at its June 28, 1961 meeting. The council supported "unreservedly the pledge made by President John F. Kennedy on April 20, that the U. S. would not abandon Cuba to communism and that efforts would be continued to arouse the Inter-American community to the realization of the Castro-Communist danger." It also joined "wholeheartedly with the democratic labor movement of Latin America in rejecting all attempts to sidetrack the Cuban Communist issue, under the specious argument that it does not represent a danger to the Western Hemisphere."

Dominican Republic and Other Dictatorships

The AFL-CIO Council, at its August 16, 1960 meeting in Chicago—the very day on which the American foreign ministers' conference opened in San Jose, Costa Rica, for the purpose of considering the threat to peace represented by the aggressive actions of the Dominican Republic regime—sent to the Secretary of State Christian Herter a telegram which reaffirmed its strong condemnation of the Trujillo dictatorship for repeated violation of human rights, civil liberties and trade union freedom, and reiterated its previous demands that the Dominican Republic be condemned and subjected to sanctions.

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After the San Jose conference recommended the adoption of economic sanctions against the Trujillo regime, President Meany called upon the U. S. Congress to give President Eisenhower the authority to cut the sugar quota of the Dominican Republic.

On September 30, 1960, President Meany sent to President Eisenhower a telegram protesting "the action of the U. S. Department of Agriculture in allocating to the Dominican Republic the purchase of 321,857 tons of sugar to offset the 700,000 tons

cut from the Cuban sugar quota."

The death of Dictator Rafael Leonidas Trujillo renewed hopes for the re-establishment of democracy and freedom in the Dominican Republic. The Executive Council, at its June 28, 1961 meeting, took cognizance of this situation, warning, however, that "It would be a serious mistake for the OAS to lift the sanctions now in force against the Dominican Republic, on the mere promise that the dictatorship is going to reform." The council stated that "positive, convincing actions are needed before the Dominican Republic can be readmitted as a full-fledged democratic member of the OAS. An all-inclusive political amnesty must be granted and enforced, trade union rights must be reestablished and democratic parties must be allowed to reorganize and function."

In the same statement the council advocated the intervention of the OAS in the Republics of Haiti and Paraguay, in order "to insure a peaceful and effective transition from dictatorship to democracy and to supervise and guarantee with its presence the life and freedom of those democratic opposition elements ready to return from exile or to emerge from the underground."

Reiterating its previous demands, the Executive Council urged the government of the United States "to stop any economic aid to the dictatorships of Haiti and Paraguay until such time as political and trade union freedoms are firmly and convincingly re-established and general elections under proper guarantees are called."

International Confederation of Free Trade Unions

During 1960-1961 the AFL-CIO continued to play its vigorous role in the ICFTU. Since our last convention the ICFTU has been reorganized and strengthened. Omer Becu replaced J. H. Oldenbroek as general secretary of the organization. Four assistant general secretaries were scheduled to be appointed, of whom two have already been chosen: Herbert Tulatz and Stefan Nedzynski.

President Meany and Vice President Walter P. Reuther continue as members of the Executive Board of the ICFTU. Vice

President George M. Harrison and Secretary-Treasurer Schnitzler are the alternates for President Meany and Vice President James B. Carey and David J. McDonald are the alternates for Vice President Reuther. Irving Brown, our European representative, has acted as assistant and adviser to our delegates and alternates when they were present, or in their place when all were absent, with full power to speak and vote.

President Meany was chosen chairman of the International Solidarity Fund Committee at its December 1960 meeting.

Since the last World Congress, the ICFTU has made advances in membership. It now has 137 affiliated organizations from 107 countries with a total membership near 57,000,000 workers.

Wherever our representatives were present at ICFTU meetings, whether at the 1959 World Congress, its Executive Board or its subcommittee meetings, or representing ICFTU at conferences abroad, they have worked for a more active policy to make the organization influence and program felt more abroad, to intensify its organizational drives and its fight vs. totalitarianism and colonialism and for the advancement of free trade unionism everywhere.

Africa

The developments in Africa since the Brussels Congress, both on the political and trade union levels, have been so rapid and significant that they constitute a challenge to the vision and dynamism of the free labor movement of the world. The appearance on the world stage of so many new independent African states, the vast problems created thereby—industrial development, economic and educational needs, the growth of trade union organizations, etc., obviously necessitate increased responsibility and activity on our part, especially in view of the vastly increased efforts of Communist infiltration and subversion in Africa.

The AFL-CIO has been in the forefront of the ICFTU affiliates in urging it to greater responsibility and activity in Africa in order to help spread the ideas of free trade unionism specifically and democratic ideas generally. Our European representative, in assisting the ICFTU program and policy, has performed yeoman service in his indefatigable travels through all parts of Africa, keeping constant contact with our African trade union friends by his participation at the most significant gatherings of African trade unionists.

The importance of African developments was recognized by the AFL-CIO through the addition of Mrs. Maida Springer to the staff. The obvious importance of African developments has re-emphasized the need for the American trade union movement to increase its own activities in Africa. This was done with the n

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work there would be done in consultation and cooperation with the ICFTU.

The AFL-CIO had responded and is responding increasingly to the great needs for education of trade unionists in Africa. Together with the Histadrut, the AFL-CIO is jointly supporting the Afro-Asian Institute in Tel Aviv for the training of young Africans for future labor leadership. The ICFTU African Labor College in Kampala, Uganda, which is doing yeoman service in trade union education, was launched with the active support of the AFL-CIO. As part of our African program, six African needle workers from Nigeria, Northern Rhodesia, Southern Rhodesia, Kenya and Tanganyika have been brought by the AFL-CIO to the U. S. for a six month period of training by the ILGWU staff. Another aspect of organized labor's determination to help in every practical way has been the employment of African students in the U. S. by labor unions. This has enabled these African students who need extra finances to continue their studies.

Casablanca Conference

The Conference of African trade unionists held in Casablanca at the end of May posed sharply before African labor the question of organizational relationship. The conference, under the drive mainly of the representatives of Ghana, Guinea, and the UAR—and be it said, reflecting primarily the foreign policies of their respective governments—decided that all African trade unions should disaffiliate from existing international organizations. The decision "allowed" ten months for unions to cut their The results of the conference were inconclusive and indecisive because of the conflicting views present, because of the confused and undemocratic organization of the conference, and primarily because the vote was taken in the absence of many delegates from those African countries whose trade union movements have been affiliated to the ICFTU. Mboya of Kenya, Borha of Nigeria, Tlili of Tunis, and others, subsequently expressed their sharp disagreement with the action taken.

This move to break ties with the international free trade union movement can only militate against Africa's developing labor movements and to Africa itself. There is no contradiction at all between Africa developing its own personality, as it were, between each national entity deciding its own internal independent course, and active connection with the ICFTU. African trade unions, as autonomous organizations, both in their national as well as regional organization, can make a valuable contribution to the international cause of democratic labor. In turn, they have much to gain in the practical realms of education and technical assistance from the labor movements in the older industrial countries. International cooperation, not isolation from

each other, is desirable and necessary.

International Trade Secretariats

AFL-CIO affiliates in the International Trade Secretariats energetically continue their work in the ITS, helping to strengthen and spread the principles of free trade unionism, especially in Latin America, Asia and Africa. This holds especially for our affiliates in the International Transport Workers Federation, the Post, Telephone and Telegraph International, the Petroleum Workers Federation, the International Metal Workers Federation, the Public Service International and the International Union of Food and Drink Workers.

Since our last convention, during the last two years, 17 additional affiliates have joined their respective international secretariats: Bakery and Confectionery Workers; Grain Millers; Distillery, Rectifying and Wine Workers; Glass Bottle Blowers; Pulp, Sulphite and Paper Mill Workers; International Chemical Workers; Brewery Workers; Woodworkers; Upholsterers; Office Employes; Retail, Wholesale and Department Store Union; Glass and Ceramic Workers; Tobacco Workers; Airline Dispatchers; Electrical Workers: Boiler Makers and Insurance Workers. This testifies to the increasing awareness in our movement of the importance of work on the international level.

Inter-American Regional Organization of Workers — ORIT

The AFL-CIO continued to work closely with the Inter-American Regional Organization of Workers-ORIT, the Western Hemisphere branch of the ICFTU. We have actively participated in all the meetings of ORIT's Executive and Administrative Committees; we have supported many of ORIT's organizational and special projects; we have made donations to a number of ORIT's affiliates in times of strikes and other emergencies, and have supplied personnel from headquarters for special ORIT missions and related activities.

Various officers of the AFL-CIO affiliated unions, including members of the Executive Council, have made visits to one or more countries in Latin America in connection with the activities

of their respective International Trade Secretariats.

The AFL-CIO took an active part in the 5th ORIT Convention. held in Rio de Janeiro, Brazil, August 20-25, 1961, and in the First ORIT Trade Union Conference, held in Sao Paulo, Brazil, August 17-19. Our delegation was composed of Secretary-Treasurer William F. Schnitzler; Vice Presidents Richard F. Walsh and Emil Rieve; Ralph Reiser, president of the United Glass and Ceramic Workers; Inter-American Representative Serafino Romualdi; Stanley Ruttenberg, director of the Department of

Research; Andrew C. McLellan, associate inter-American representative, and Lester L. Zosel, special representative of the Brotherhood of Railway Clerks. President Meany and Vice President Walter P. Reuther were re-elected members of the Executive Board. Their respective first substitutes are Secretary-Treasurer Schnitzler and Vice President O. A. Knight, and their second substitutes are Serafino Romualdi and Vice President Emil Rieve. President Meany was subsequently chosen a member of the Administrative committee and Secretary-Treasurer Schnitzler was appointed a member of the newly created Committee of Auditors.

Changes in the ORIT leadership took place at the 5th ORIT Convention. Alfonso Sanchez Madariaga, who was general secretary since July 1958, declined to stand for re-election. He was, however, elected president. Arturo Jauregui Hurtado, who had resumed in January 1960, his old post of assistant secretary in charge of the Department of Organization, was elected to the office of general secretary. Morris Paladino, an officer of the International Ladies' Garment Workers Union, was appointed in July 1961, director of the ORIT Department of Education, succeeding Daniel Benedict, who became secretary of Inter-American Affairs of the International Metalworkers Federation.

Latin American Leadership Training

The AFL-CIO Executive Council in June 1961 established a foundation for the development of union leadership in Latin American countries. This foundation will include representatives of labor, industry, business and the public. Its program is based upon a study being made by the University of Chicago, and it is aimed at bringing to the United States 100 to 150 Latin Americans each year for intensive training in the techniques of labor leadership.

Latin American labor representatives would study in this country for three months and then spend nine months in their own countries setting up programs for their colleagues. The activities of the foundation would be supported by financial con-

tributions from all groups.

The AFL-CIO has made a contribution which is considered to be "seed money" designed to finance planning of the foundation. The board of trustees is made up of representatives including trade union officials and business executives. The chairman of the board is Joseph P. Grace, Jr., president of W. R. Grace & Co.: the vice chairman is President Meany.

Ioint U.S.-Mexico Trade Union Committee

The AFL-CIO has continued its membership in the Joint United States-Mexico Trade Union Committee, an official committee of ORIT. As such, we participated in the Sixth International Conference of the Joint United States-Mexico Trade Union Committee, which was held in the border towns of Brownsville, Texas and Matamoras, Tamps., Mexico on May 17-19, 1960.

The conference once again found that the two labor movements were in complete accord on procedures to be followed in meeting problems common to the workers of both nations, with particular reference to the importation of "braceros" to work on United States farms. It denounced efforts of the growers' associations to obtain legislation taking administrative control of the "bracero" program (Public Law 78) away from the Secretary of Labor; recognized that excessive numbers of "braceros" result in the displacement of domestic workers and depress wages of "braceros" and domestic workers alike, and called for improved procedure for certification of the need for foreign workers.

The conference also demanded the establishment of a minimum wage of "no less than \$1 an hour for 'braceros' by writing this provision into the next international agreement between Mexico and the United States." It urged the adoption of other necessary complementary measures, such as increase in the number of compliance officers, broader and increased coverage for both occupational and non-occupational sickness and injuries; it opposed the issuance of special work permits under which Mexican workers cross the border to work at substandard wages without proper legal protection, and renewed earlier demands for improved housing, meals, safer transportation, employer responsibility and the elimination of intermediaries as recruiters of "braceros."

The conference commended the Texas State AFL-CIO and Mexican CTM organizations upon the renegotiation of the Rio Grande Pact to make it applicable to all construction jobs on the river, such as the Amistad (Diablo) dam. It also urged labor organizations on both sides of the entire border to negotiate similar pacts with their counterpart unions.

International Trade and Tariffs

While there has been no congressional consideration of tariff and trade legislation during the past two years, the AFL-CIO has sought through other avenues to advance its policy of gradual reduction of trade barriers among free world nations with maximum benefit and minimum injury to workers both at home and abroad. This policy was expressed most recently by the AFL-CIO Convention held in September 1959.

Based on the directives of the convention, our major emphasis in the tariff and trade area has been placed on developing workable proposals for establishment of fair labor standards in international trade, avoidance of market disruption resulting from H

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exports by low-wage countries, and development of a trade adjustment program to provide necessary assistance to workers, firms and communities adversally affected by imports

firms and communities adversely affected by imports.

It is noteworthy that in 1960 both the Democratic and Republican platforms endorsed the principle of fair labor standards in international trade. The proposal was also widely and favorably discussed not only in the U.S. but also at various international intergovernmental and trade union meetings.

The trade adjustment proposal, first introduced by President Kennedy when he was a member of the U.S. Senate, has also been widely endorsed by many members of Congress of both political parties, leading newspapers and many national and local organizations. It was also endorsed in the 1960 Democratic

platform.

Efforts to deal with the problem of market disruption, which has been particularly acute in such soft-goods industries as textiles and clothing, have centered largely in the GATT (General Agreement on Tariffs and Trade), the intergovernmental organization to which the U.S. and approximately 40 other countries belong. With the strong support of organized labor, the U.S. government took the initiative on this question in the GATT beginning in November 1959. As a result of this U.S. action, the GATT has established a permanent committee to deal with the

problem of market disruption.

To meet the immediate problem of market disruption in the textile and apparel industries, at the request of the U.S., a 16-nation International Textile Conference took place under GATT auspices in July 1961. The Conference agreed to a U.S. proposal to limit, beginning October 1, 1961 for a 12 month period, the import of textile and apparel items to a level not to exceed that of the 12 month period ending June 30, 1961. Subsequent to negotiations and arrangements for the years 1961-62, a special bilateral agreement was reached with Japan that went beyond the multi-nation agreement of July 1961. The Executive Council, early in October 1961, was critical of these concessions to Japan and urged that the long-term agreement to be worked out by April 30, 1962, adhere more closely to the concept and understanding of the July 1961 multi-nation, textile and apparel agreement.

Multilateral tariff and trade negotiations among GATT member countries, including the U.S. took place beginning in the fall of 1960 and on into 1961. The U.S. authority for tariff reduction was set by the Congress in 1959 at a maximum of 20 percent. However, because of the "no injury" rule applying to individual tariff reductions over and above the mathematical limitation, actual reductions were expected to be considerably less than the

maximum 20 percent authorized.

Any further U.S. tariff cuts on a reciprocal basis with other nations will depend on congressional action in 1962. The Reciprocal Trade Act, first passed in 1934 and extended many times since then, will expire on June 30, 1962. The Kennedy Administration has indicated that it will press for completely new legislation attuned to present-day conditions rather than merely refurbish-

ing and extension of the present law.

Anticipating congressional consideration of tariff and trade legislation in 1962, the AFL-CIO Executive Council, as early as its February 1961 meeting, issued a statement on international trade policy. This statement was issued pursuant to the directive of the 1959 AFL-CIO Convention calling upon the Executive Council to develop "recommendations for measures designed to promote the expansion of international trade on a sound basis with adequate safeguards for American industries and American workers." To further this aim, the Executive Council in a nine-point statement called for "policies [which] must improve and expand trade relations with the free world while assuring practical, up-to-date flexible safeguards for certain U.S. workers and industries against injury from import competition."

Cooperation with CARE

The AFL-CIO is a leading member agency of the 26 organizations making up CARE (Cooperative for American Relief Everywhere), and a great many of our affiliated organizations have taken advantage of this relationship to send food, self-help tools, medicine and educational materials to peoples in the under-

developed areas throughout the free world.

Vice President Lee W. Minton was nominated by President Meany to serve as a vice president of CARE. Vice President Minton, as a CARE vice president, has solicited support from affiliated organizations, and with the counsel of the AFL-CIO Department of International Affairs, has helped to send 80 items of office equipment to developing unions in Africa and elsewhere. These items include union-made typewriters, duplicating machines and other needed equipment.

The over-all CARE program of food and self-help aid to 28 countries has also been generously supported by AFL-CIO unions and individual members. AFL-CIO news and radio media have assisted CARE in promoting its programs of international relief.



Social Security

Old-Age, Survivors, & Disability Insurance

A significant expansion of the national social security system has occurred even though efforts to add health benefits for the aged have not yet been successful and despite the fact that opponents of health care have mounted a major attack against the basic principles of the social insurance system.

Each month more than 15.5 million persons receive old-age, survivors, and disability insurance payments totaling \$1 billion. Four-fifths of the beneficiaries are aged 62 and over; the average

primary old-age benefit is \$75.

The OASDI system thus is an important mechanism both for protecting individual well-being and for sustaining national purchasing power.

Recent Amendments

The expansion of OASDI in part reflects amendments which the AFL-CIO helped secure. The removal of the age 50 requirement for disability insurance in 1960 was particularly gratifying as evidence of the nearly universal acceptance of a program that had been fought by the same groups which now oppose health benefits for the aged—the insurance companies, the major business organizations, and the American Medical Association. Some other liberalizations of the disability insurance program were also made in 1960 following extensive hearings and study by a subcommittee of the House Ways and Means Committee. But no action was taken to broaden the over-strict definition of disability as was urged in testimony before the subcommittee by the AFL-CIO and a number of affiliated international unions.

The 1961 amendments to OASDI (Public Law 87-64) were enacted in response to the request of President Kennedy for desirable improvements which would aid in overcoming the recession. As a result, men are now permitted to draw old-age and survivors insurance benefits at 62, with the monthly amount being reduced to take account of the longer period for which they will receive payments. Benefits of aged widows have been increased from 75 per cent to 82½ per cent of the worker's primary

insurance amount. The minimum benefit has been raised from \$33 to \$40 a month. The amount of paid employment required for coverage has been reduced to one quarter for each calendar year after 1950. The retirement test permits more substantial annual earnings without loss of benefits or with only a partial reduction.

To meet the estimated cost of these changes contribution rates will rise by $\frac{1}{8}$ of 1 per cent for employes and employers and by .2 per cent for the self-employed. The date on which the ultimate scheduled contribution rate becomes effective is advanced to 1968.

Many union publications cooperated in advising workers of the new protection available to them through these and other amendments. Substantial numbers of persons who very much needed the additional insurance protection are enjoying its results.

As we pointed out in congressional testimony, these changes intensify the need for an increase in the ceiling of \$4,800 on annual earnings utilized for both benefit and contribution purposes. The AFL-CIO supports the basic concept of social insurance that low-income groups should receive a relatively higher percentage of their covered earnings than is payable to persons with higher earnings. But as the general level of earnings rises, the \$4,800 ceiling becomes more and more restrictive. Whereas persons with average monthly earnings of \$50 now receive 80 per cent of that amount as benefits, a worker with average monthly earnings of \$300 is entitled to only 35 per cent of that average, and a worker with \$500 average earnings is entitled to benefits equaling only 25 per cent. Six out of ten male wage and salary workers have annual earnings in excess of the earnings base.

The outdated earnings ceiling means a large loss of revenue to the trust funds. In 1938, only 7 per cent of total wages and salaries in covered work were not taxable for OASDI purposes. But now nearly one-fourth of all earnings are not subject to contributions. Payrolls above the \$4,800 limit amounted to \$43 billion in 1960. If the excess had yielded contributions at the 6 per cent rate, the trust funds would have had an additional annual income of nearly \$2.6 billion.

Under the present financing provisions, the two trust funds, which now exceed \$22 billion, are expected to expand in each year after 1962. A more realistic earnings ceiling would permit further liberalizations of benefits while continuing to maintain the fiscal soundness of the program. It would help to answer the arguments advanced against adding health benefits—that the social security tax is regressive, because it falls more heavily on middle and lower income groups—and also the argument that the payroll tax is taking too high a percentage of earnings. More rapid economic growth, as urged by the AFL-CIO, would likewise augment contribution income and reduce cost estimates.

Men or women who start drawing old-age benefits at age 62 suffer substantial reduction in monthly benefit amounts. Their primary benefit is cut by 20 per cent, and a further loss will also result in many cases from the years without earnings that might have raised the monthly average. In many industries unions are reviewing the effect of these OASDI provisions on the provisions in union-negotiated plans on pensions and disability or early-retirement payments. High levels of unemployment and the effects of automation in displacing older workers may cause many to apply for benefits at age 62 in the absence of more adequate unemployment insurance but with a serious effect on their retirement income.

Health Benefits for the Aged

The Forand bill and every other proposal for adding health benefits for the aged through social security was opposed

throughout 1960 by the federal administration.

In the House Ways and Means Committee, a modified Forand bill was rejected by a 16 to 9 vote. In the Senate, an effort to insert Forand-type legislation in the pending social security bill was made by Senator Clinton P. Anderson (D-N.Mex.) and then Senator John F. Kennedy (D-Mass.) The amendment was rejected, 44 to 51. Forty-three Democrats and one Republican supported the move; 19 Democrats and 32 Republicans voted against it.

The Eisenhower Administration gave its support to an unworkable proposal involving federal matching grants to the states from general revenues with contributions to be made by the aged and with optional use of commercial insurance plans.

Early in 1961, following recommendations by President Kennedy, the Anderson-King bill (S. 909, H.R. 4222) was introduced. This provides four types of basic health services centered on hospital care but encouraging use of alternatives, such as outpatient clinics, skilled nursing homes and home health services. Fourteen and a half million persons over age 65 entitled to social security or railroad retirement benefits would be protected.

The new cost estimates for this are lower than for the Forand bill. Funds would be provided by an additional \(\frac{1}{4}\) per cent contribution by employers and employes and by a slight increase in

the earnings ceiling.

The Executive Council in February 1961 urged prompt passage of the Anderson-King proposal, suggesting it be amended so that patients would not have to meet certain initial or "deductible" costs. The council recommended that the earnings base ceiling be raised sufficiently to meet the added cost that would result.

The House Ways and Means Committee held hearings on the King bill in July and August at which much substantial evidence as well as arguments by all concerned were presented. President Meany presented the AFL-CIO position.

The committee has not reported the bill. Consequently no House action was possible, and since this is a revenue measure there has been no action by the Senate.

Encouraging progress was nevertheless made this year in increased popular understanding and support from many impor-

tant civic and religious organizations.

This was evidenced in January at the White House Conference on the Aging which conservative elements hoped to use to condemn the social security approach. But nearly all spokesmen for citizens', welfare, and church groups joined with labor delegates to approve the report of the Income Maintenance Section favoring financing health benefits through social security by a vote of 170 to 99.

The hearings and reports of the Senate Subcommittee on the Aged and Aging, of which Senator Pat McNamara (D-Mich.) was chairman, helped provide substantial information on unmet health needs, including the shocking conditions in many nursing

homes.

The Department of Social Security and the Inter-Departmental Staff Committee appointed by President Meany have prepared or reproduced many materials on health benefits through social security which assist our affiliated unions and central bodies as well as other liberal organizations in their efforts to spread information on the issue and offset the misleading campaign by the American Medical Association and the less apparent but widespread efforts of business and the insurance companies.

The AMA attack takes many forms. A nationwide advertising campaign carried much misleading information on the content of the Anderson-King bill and on the extent to which existing programs are meeting the needs of the aged. Leaders of medical societies have brought strong pressures on hospital administrators, the American Nurses' Association, and the YWCA to keep them from supporting the social security approach. Even the National Council of Churches was attacked for taking a favorable position.

Medical Assistance for the Aged

Opponents of the Anderson-King bill would have the aged not protected by private insurance turn to public assistance for aid with medical bills. The 1960 amendments, or the Kerr-Mills law, made additional federal matching money available to the states for expanding medical care for old-age assistance recipients. They also added a program of Medical Assistance for the Aged, permitting states to apply more liberal tests of need than had been used under existing old-age assistance programs.

But in spite of AMA claims, the states have been very slow to expand their assistance programs for medical care of the aged. The AFL-CIO supported such expansion, just as we have long

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advocated other improvements in public assistance. But as in so many other cases, the organizations that argued before Congress for state action failed to support adequate laws and appropriations at the state level.

A year after the Kerr-Mills bill was passed, only 25 states had enacted legislation and taken other steps necessary to start even a very limited form of Medical Assistance for the Aged (MAA). It was already clear that more than 22 states and the District of

Columbia would not establish programs this year.

All the state programs necessarily apply a test of need, which usually is very strict and involves detailed inquiry into individual financial resources. Often relatives are also investigated and pressured to meet the bills of their aged relatives. These are the inevitable accompaniments of a program based on the public assistance approach, which unlike social insurance, makes payments on the basis of need instead of earlier contributions related

to earnings.

Individuals are nearly always excluded if their annual incomes are more than \$1,500; some states set the ceiling at \$1,200 or even around \$1,000. Assets must also be below drastic limits. Although homes may be excluded from consideration, cash surrender value of life insurance may be restricted to \$500 or \$1,000, with similarly severe provisions in regard to health insurance, savings accounts, and household belongings. People must therefore be reduced to the poverty level before they can be aided, whereas social insurance conserves both financial independence and dignity.

Administrative costs of Medical Assistance for the Aged are high, and trained personnel are in very short supply. This additional burden is to a substantial extent draining funds and staff

required for other aspects of public assistance.

In spite of claims that the health needs of the aged are being met, only a handful of the state programs of MAA will pay for comprehensive medical care. One limits hospital care to six days.

Only 46,000 aged persons, for example, had any medical bills paid in June 1961 through MAA, and more than half of these were cases transferred from the older state programs in Massachusetts and New York. Oklahoma, nine months after it started, was aiding only 251 persons, with an average payment of \$195.

The failure of most states to enact adequate programs reflects the usual difficulties encountered in securing appropriations in legislatures unrepresentative of large population groups because of the lack of democratic apportionment. Another imortant factor is the growing demand for many types of services which are straining state financial resources. If health benefits are financed through OASDI as contemplated in the Anderson-King bill, state and local governments and private agencies could more readily carry out their essential functions for the aged who must turn to them for help.

Public Assistance

A heavy burden still falls on the state and local assistance programs, reflecting gaps in social insurance, high levels of unemployment, and other unsolved social and economic problems.

More than 6 million persons are receiving assistance each month through the federally aided programs. Over half are dependent children and persons caring for them; nearly half are aged; half a million are permanently and totally disabled or blind. More than a million additional persons receive help through state or local general assistance programs.

Total assistance payments equal a third of a billion dollars each month, with the federal government supplying over one-half

of this amount.

But the programs fall far short of meeting labor's goals. The Advisory Council on Public Assistance, comprising distinguished public representatives, including one from labor, made an extensive report to the Congress at the end of 1959. It stated:

"We disband impressed at once with the great progress of the public assistance programs over the past quarter of a century, and the serious gaps and inequities that still remain in coverage, in adequacy of public financial assistance and in availability of high quality services."

Too few of the 20 recommendations of the Advisory Council

have been carried out.

One notable advance is the extension of federal matching grants under the aid-to-dependent-children program to families in which the parent is unemployed. This change, recommended by President Kennedy, became effective in May 1961 (Public Law 87-30). The Department of Social Security advised the state central bodies of the potentialities of this program, indicating aspects that should be watched in state legislatures and administration in order to protect the unemployed from being forced into substandard jobs.

Only about one-third of the states have so far taken action to utilize the more liberal federal definition. But in the absence of federal grants for general assistance, this modest program is essential in order to sustain incomes of families not adequately

protected by unemployment insurance.

The Department of Health, Education, and Welfare is currently reviewing its public assistance programs with a view to legislative recommendations. Among the problems being considered are certain issues which have received prominence in the press, including work relief and efforts to deny aid to illegitimate children. The Department of Social Security has been consulting with HEW on these matters.

Appropriations first authorized in 1956 were finally made for a program of cooperative research grants into the causes for

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dependency. The \$2 million available should help to highlight methods of minimizing the continued necessity for public assistance.

Enactment of adequate social insurance laws, together with other union goals for elimination of poverty and slums, would save a substantial part of the \$4-\$5 billion expended by federal, state, and local agencies from general revenues for public assistance. Above all, human dignity and security would be advanced since a means test, with its accompanying investigation into personal resources, is undesirable except as a last resort.

Employment Service

No genuine program that aims for full employment—including the retraining and relocation of displaced workers—can be successful without an effective job placement and employment counseling service. In all the major cases—war, recession, and rapid economic changes—there is no substitute for a national, centrally operated employment service.

On June 23, 1961, the Executive Council stated its concern with the need for a thorough reorganization and upgrading of the United States Employment Service. Insofar as possible, there should be a separation and differentiation from the unemployment insurance system so that placement work is no longer

subordinated to paying benefits.

The current expansion in budget and personnel is making possible some steps in this direction, particularly in the larger labor market areas where the gap between potential and performance is greatest. Efforts are also being made to improve service at the white-collar and professional levels where private placement agencies are profiting most from the job market. The decentralized structure of the USES is not equipped, however, for extensive reforms. It has not yet produced effective standards for placement without discrimination or segregation on the basis of race. Nor have the principles of personalized service been substituted for the archaic count of placements now used in budget determination.

The leverage that now exists in the Department of Labor to improve the program by virtue of the expanded budget in the coming fiscal year may not exist after this year. There is some danger that current plans may be still-born unless more funda-

mental changes are instituted.

Unemployment Insurance

The recession of 1960-61 brought many proposals for change in unemployment insurance. The Senate's Special Committee on Unemployment Problems, under the chairmanship of Senator Eugene McCarthy (D-Minn.), recommended a complete overhaul of the unemployment insurance system, along lines recommended by the AFL-CIO. The need for congressional action is shown by the fact that after eight years of "recommendations" from the Eisenhower Administration, only one state, Hawaii, has met the

suggested criteria.

Despite that record, only temporary extensions of benefit duration received Congress' serious attention. The AFL-CIO supported such legislation but pointed out that in itself such emergency action could not provide benefits early enough in a recession to operate as an effective brake on the downward movement of the economy. Furthermore, temporary extension could not avoid incorporating undesirable features in existing laws,

and only postponed the ultimate basic reforms.

As in 1958, the course of temporary supplementation was pursued again and with similar additional benefits (up to 13 weeks beyond the state benefits). However, an important flaw of the earlier law was avoided. The supplemental benefits are financed by an increase in the federal portion of the unemployment insurance tax; since that tax is paid by all covered employers, a non-participating state stood to lose this revenue and to receive no extra benefits for its unemployed. The bill passed the House, 392 to 30.

In the Senate, Senator Harry F. Byrd (D-Va.) and others made an effort to substitute voluntary participation by the states, as was done in 1958. They proposed amendments to reimburse any state its temporary tax increase if the state chose not to participate, thereby tearing the fabric of universal participation. The amendment was defeated by a vote of 44 to 42. As a result of the defeat of this amendment, unemployed workers in all 50 states have received supplemental benefits when needed. The bill then

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passed the Senate, 84 to 4. It beame Public Law 87-6.

The Kennedy Administration's proposals for permanent improvement in unemployment insurance were not introduced until June 14, 1961. The McCarthy-King Bill (S. 2084, H.R. 7640) provides for extending coverage to 3 million more workers—in small firms, nonprofit institutions, agricultural processing, etc. It would raise the maximum weekly benefit amount in each state to two-thirds of the state's average weekly wage after a transition period, and no benefits could be denied while an unemployed worker is undergoing retraining. Beginning with the twentyseventh week of unemployment, up to 13 weeks of additional duration would be available to those who exhaust state benefits. All exhaustees would be eligible in a recession period; only those with a record of steady employment at other times. The bill would raise the taxable wage base to \$4,800 and continue the temporary .4 per cent increase in the federal unemployment tax rate.

This is not a perfect bill by AFL-CIO standards. It provides no

standard on duration which may leave an "exhaustee" uncompensated until he reaches his twenty-seventh unemployed week; the same number of supplemental weeks are not provided all long-term unemployed workers; it sets no limits on the strictness of state eligibility requirements; and it excludes many long-term unemployed who are out of work because of slack local labor markets. On the other hand, the bill sets a floor under weekly benefit amounts, provides a measure of reinsurance or equalization of benefit costs, and recognizes the problems of the growing number of long-term unemployed.

If adopted, this measure would pay more benefits when, where, and as needed, in both the early and deep stages of a recession. The estimated increase of one billion dollars more each year less in good times and more in bad—will help level out an erratic

cycle of economic growth.

The Financing Problem

Employers, who pay the unemployment insurance tax, have succeeded in lowering tax rates at the expense of the basic objectives of the program; this year payroll tax rates are half the original 2.7 per cent. This has been accomplished both by lowering the tax rate and holding to a rigid tax base of the first \$3,000 of employe earnings. The ultimate result is that a number of states have reached a financial danger point in the last two years.

It is clear that the problems of these states did not begin with benefit payments in the recession of 1958-59 or the 1960-61 recession. The "benefit cost rates"-i.e., benefits paid out each year relative to payrolls— remain in nearly all states close to those of the pre-war depression years. The source of the problem lies in the fact that all states have been under-financing their programs since 1945. Experience rating has been allowed to work primarily in a downward direction at the encouragement and to the satisfaction of employers. Low tax rates as a part of a state industrial expansion program were not serious so long as there were sufficient reserves to make up the difference between income and outgo. However, a dozen states have reached the end of this road.

By setting benefit standards, the McCarthy-King Bill would give each state a definite objective for its financial decisions so the tax rates can be adjusted to the cost of benefits instead of the other way around. Likewise, the reinsurance provision and the nation-wide fund for extended benefits will provide more financial stability. The root of the problem remains experience rating which returns several billion dollars each year to employers as an incentive to stabilize employment, even though the

record shows more instability every year instead of less.

Financing for Nonprofit Institutions

California has enacted a special program of coverage for non-

profit employes and a similar arrangement has been under consideration in New York. The common feature of these proposals is that they would allow the nonprofit institutions to choose whether they would come under the regular state unemployment compensation system and pay a tax as any other employer or under an arrangement for reimbursing the fund at the end of each year for whatever amount of benefits were drawn by their employes during that year. This latter is a kind of self insurance with some precedent in coverage of government employes.

An amendment to the federal unemployment compensation law would be necessary to allow reimbursable cost financing. (The California enactment is conditional on this federal action.) Such an amendment has been proposed by Senator Jacob Javits (R.N.Y.). The AFL-CIO has not endorsed the Javits amendment. The McCarthy-King Bill, endorsed by the AFL-CIO, extends coverage to nonprofit employes in all states in a sound manner

consistent with principles long supported by labor.

Of particular concern in the California enactment is the danger of adverse risk selection for the regular program—that is, high cost establishments would choose coverage in the regular tax system, low cost establishments would prefer the reimbursable cost method. Furthermore, nonprofit establishments under the California act would have a monetary interest in opposing federal extension of coverage, which is the only certain way of covering nonprofit employes in all states.

Since a state that wishes to allow special kinds of financing for nonprofit employers may do so by setting up a separate jobless pay system for nonprofit institutions and since this requires no federal amendment, there is no particular need for the Javits

amendment.

State Legislative Action

1960: Significant amendments were adopted in six states, but only three represented net gains where the liberalized benefits exceeded the value of new restrictions. All benefit gains were of modest proportions.

Pennsylvania: Raised maximum from \$35 to \$40; tightened eligibility requirements; enacted more strict disqualification definitions and altered the provisions of experience rating.

New York: Increased maximum from \$45 to \$50; adopted severe disqualification penalties, changing from six weeks penalty to denial of benefit for duration of one's unemployment; added disqualification for voluntary quit for marriage or to join one's spouse.

Alaska: Re-enacted experience rating (abandoned in 1955) and added experience rating for employe contributions; raises tax base to \$7,200; reduces maximum weekly benefit to \$20 for any-

one leaving Alaska.

Kentucky: Raised maximum from \$34 to \$37.

Georgia: Raised maximum from \$30 to \$35; tightened dis-

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qualifications and changed the duration from uniform weeks for all claimants to 10-26 weeks depending on past earnings.

Virginia: Raised maximum from \$28 to \$32 and maximum

duration from 18 to 20 weeks.

1961: The most significant general characteristic of the 1961 legislative year is the decrease in legislative activity on benefit amount and duration. Prior to 1961, most state legislatures last met in 1959. Compared to 22 states in 1959, only 12 this year enacted increases in the maximum weekly benefit amount; only 4 states, by contrast to 16 in 1959, provided for increases in regular duration. It will also be noted that the increases are very modest in most cases, and in nearly all cases are accompanied by higher eligibility requirements and disqualification penalties. Particularly worrisome is the trend toward disqualification for the duration of unemployment rather than for a specified number of weeks. A positive feature of the 1961 legislation is that eight more states will be added to the four previously that do not disqualify an individual as unavailable for work if he is attending an approved vocational training course.

In general, however, it seems clear that the prediction of two years ago is verified: the states have reached a kind of "saturation" point at which they can no longer improve unemployment

insurance without federal help.

Alabama: Weekly maximum raised from \$28 to \$32; maximum duration from 20 to 26 weeks; intervening employment required for second benefit year payments; raised minimum employe tax contribution and made it variable with reserve fund level; raised maximum employer tax rate.

Delaware: Weekly maximum raised from \$40 to \$50; total benefit from 29 per cent to 37 per cent of base paid wages; no second benefit year payments without intervening employment;

pension income reduces benefit amount.

Hawaii: Weekly maximum raised from \$45 to \$55; covers domestics; no disqualification for illness if no suitable work

offered.

Idaho: Weekly maximum raised from \$40 to \$43 and hereafter set at 52½ per cent of average weekly wages; mandatory coverage to local government employes; higher minimum and wage qualifying requirement; pension and OASI payments counted as wages; disqualification period increased to duration of unemployment plus specified earnings; claimant to be considered "available" while training.

Illinois: Increased variable maximum from \$6 to \$9 depending on family status (basic maximum raised from \$32 to \$38); slight

increase in wage qualifying requirement.

Maine: Weekly maximum raised from \$33 to \$34; minimum raised and wage qualifying requirement increased from \$300 to \$400; changed to disqualify for illness regardless whether suitable work is offered; requires "actively seeking work," tighter pregnancy disqualification; eliminates "good cause" exception

for voluntary leaving; applies "voluntary leaving" to retirees; for voluntary leave and discharge for misconduct raises penalty disqualification to duration of unemployment plus specified earnings.

Maryland: A bill enacted in Maryland changing benefits, disqualification eligibility and other provisions has been suspended pending a referendum of the electorate, following petitions obtained by Maryland State and District of Columbia AFL-CIO.

Missouri: Weekly maximum raised from \$33 to \$40; benefits

payable during retraining.

Montana: Weekly maximum raised from \$32 to \$34; individual benefit relative to high quarter earnings reduced; qualifying wages increased; maximum duration formula changed from 22 for all to 13 or 20 or 26 weeks, depending on employment record in base year; restores waiting week; adds 1 to 5 more penalty weeks to existing penalties depending on kind of disqualification.

New Hampshire: Weekly maximum raised from \$38 to \$40; raised minimum; tightened wage qualifying requirement.

New Jersey: Weekly maximum raised from \$35 to \$50; reduced partial earnings benefit; adds pregnancy disqualification.

North Carolina: Weekly maximum raised from \$32 to \$35; tightens wage qualifying requirement; eliminates second benefit year payments without intervening employment; adds to pregnancy disqualification; tightens labor dispute disqualification.

South Carolina: Weekly maximum raised from \$26 to \$35 and hereafter sets maximum at 50 per cent of average weekly wages; some individual benefit relative to high quarter earnings reduced; tightens wage qualifying requirements; liberalizes disqualification for misconduct; reduces penalty for refusing suitable work from 1-5 to 1-4 weeks; adds duration of unemployment disqualification for voluntary retirement.

Texas: Weekly maximum raised from \$28 to \$37; individual benefit relative to high quarter earnings increased; maximum duration increased 24 to 26 weeks; creditable earnings for computing duration raised from \$3,000 to \$4,800; re-enacted one week waiting period; raised disqualification penalties.

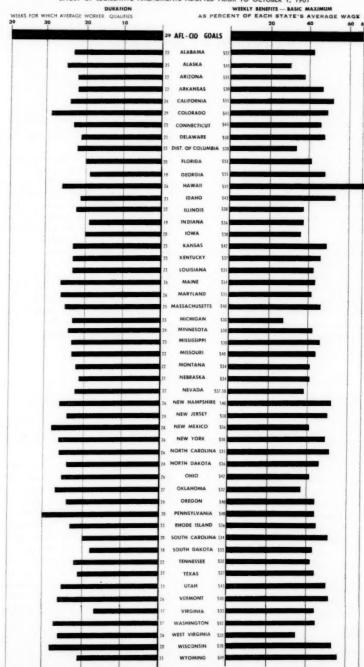
West Virginia: Weekly maximum raised from \$30 to \$32; uniform duration increased from 24 to 26 weeks; increases disqualification penalty for misconduct to duration of unemployment plus 30 days; liberalizes disqualification for pregnancy and OASI recipients.

Virgin Islands: New program adopted: \$25 weekly maximum; variable duration to 26 weeks.

Wisconsin: Added an alternate qualifying requirement whereby if individual does not have 18 weeks employment in base period (previous requirement) but does have 14 weeks, he can qualify with 55 or more weeks in the two years preceding his unemployment.

HOW STATE U.C. BENEFITS MEASURE UP

EFFECT OF LEGISLATIVE AMENDMENTS ADOPTED PRIOR TO OCTOBER 1, 1961



Workmen's Compensation

The year 1961 marked 50 years of state programs for workmen's compensation. On August 31 the AFL-CIO reported to President Kennedy at White House ceremonies commemorating the occasion that state governments have failed to enact the necessary legislation or to provide the administrative supervision necessary to assure hundreds of thousands of occupationally injured workers the medical care and the related benefits needed

for rehabilitation and re-employment.

During the past two years, the state central bodies of the AFL-CIO have sought workmen's compensation coverage for all occupationally injured. They have consistently supported legislation to assure prompt and adequate payment of indemnity benefits. They have urged administration of the compensation laws with a minimum of litigation. They have participated in conferences and have supported legislation to provide full medical care, including rehabilitation and vocational re-training when necessary. They have sought these at a minimum cost to employers and to society.

All 50 state legislatures have been in session since the last convention. In 1960 nine states improved the indemnity benefits provided by their workmen's compensation acts. In 1961 38 states amended their workmen's compensation acts and Congress amended the Longshoremen's and Harbor Workers' Compensation Act. But only 16 states improved their weekly indemnity benefits.

Medical Care Allowances

The most significant improvement made in 1961 was the increased allowances for medical care. Medical care costs now constitute one-third of all benefit costs. It is now possible for all states to assure full payment of medical care without substantially increasing workmen's compensation rates. Only when complete coverage of medical care costs is assured, can rehabilitation of the seriously injured worker become a reality.

One state (Maine) adopted a program of rehabilitation and maintenance benefits in 1961. Twenty-six states still make no statutory provision for the rehabilitation of injured workers.

Nevada, North Dakota, Ohio, Oregon, Puerto Rico, Washington and Wyoming have exclusive funds for the insurance of workmen's compensation liability. The remaining 44 states permit employers to self-insure, to insure with a private carrier or in some jurisdictions to insure with a competitive state fund.

In these 44 jurisdictions, administration of workmen's compensation is, for all practical purposes, delegated to private corporations. Few states have adequate staffs to assure prompt payment of benefits, to advise injured families of the benefits provided under the act, or to see that the assured benefits are

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in fact paid. Studies in New Jersey and the experience in West Virginia clearly indicate the necessity for close supervision of

administrative procedures in workmen's compensation.

Two studies made since the last convention clearly indicate the need for medical supervision of seriously injured workers. If rehabilitation is to become an effective part of workmen's compensation, medical supervision will have to become an effective division of the administrative agency. With the exception of Nevada and Puerto Rico, and to a limited extent in West Virginia, no state has an effective medical supervision program.

Adversary proceedings continue to increase. In West Virginia each local union contributes with its per capita an amount budgeted for operation of an insurance department within the state AFL-CIO. The insurance department reviews the workmen's compensation cases of all members of local unions affiliated with the state central body and when necessary, and upon request. provides legal counsel without cost to the member in controverted cases. Recently the Committee on Legal Ethics of the West Virginia State Bar, a state-created agency that is empowered to discipline lawyers whom it finds guilty of unethical conduct, has advised the counsel of the West Virginia State AFL-CIO that he may complete the cases which he has started but he is warned not to accept any new ones. In Missouri the Supreme Court has held that a union representative may not represent an injured workman even within the administrative procedures of the operation of the act. Increasing litigation in all states builds an insurmountable barrier to successful rehabilitation.

Struggle in Oregon

During the past two years the exclusive state fund of Oregon has been under heavy attack. The insurance carriers employed a full-time lobbyist to convince the state legislature to put an end to the exclusive jurisdiction of the state industrial fund in insuring workmen's compensation liability. The proposed legislation was adopted in the Senate and only through the effective efforts of the Oregon AFL-CIO was the legislation blocked in the House of Representatives. The battle will continue; other state funds will be under attack. It is a tragic commentary that after 50 years of workmen's compensation, state legislatures need to be told again and again that the purpose of workmen's compensation is to provide benefits to the injured workman rather than a livelihood for attorneys and profits for the insurance industry.

Recently in Alaska the insurance carriers advised the legislature in their rate-making process that approximately 40 cents of every premium dollar must be reserved for administration by the insurance carriers of workmen's compensation. State funds as a whole have successfully administered their workmen's compensation programs and at the same time paid out approximately 90 cents of every dollar of premium to workers injured on the job. Moreover on the whole, the exclusive state funds pay benefits more promptly, provide better assurance that the benefits due will be paid, and operate will less litigation. Washington, Oregon, Nevada, Puerto Rico, Ohio have more effective rehabilitation programs for all injured workers than will be found in states insured by private carriers. The soundness of the basic AFL-CIO policy in support of state funds is demonstrated, for all practical purposes, over each passing year.

Since most states delegate the authority of administering workmen's compensation to private corporations, the necessity for agency supervision of benefit payments and medical care becomes most important. The state agency should not be permitted to abdicate its responsibility. The supervision of uncontested claims is as important as the expeditious handling of contro-

verted claims.

Workmen's compensation programs are a major responsibility of state central bodies. No other organizations have shown either the enlightened or sustained interest in our country's oldest social insurance.

Atomic Workmen's Compensation

On January 3, 1961, Rep. Herbert Zelenko (D-N.Y.) introduced H.R. 1267, to provide compensation for disability or death resulting from injury to employes in occupations which expose employes to radioactive material, and for other purposes. The bill was referred to the House Committee on Education and Labor. The committee held no hearings on the bill during the first session of the 87th Congress.

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Health and Welfare

AFL-CIO policy on health and medical care is based on the premise that the benefits of modern American medicine should be available to every man, woman and child in the nation.

Scientific medicine has, in recent years, made enormous strides. Yet, as President Kennedy said in his health message to the Congress, "the dramatic results of new medicines and new methods—opening the way to a fuller and more useful life—are too often beyond the reach of those who need them most."

Among the obstacles that put modern medicine "beyond the reach" of many are (1) inadequate arrangements for financing needed care, (2) a scarcity of professional personnel, (3) a lack of necessary physical facilities, and (4) the poor organization of health services. These obstacles must be overcome. Toward this end action is needed on the legislative front, on the collective bargaining front, and through voluntary community organization.

Health Legislation

The health care available to the American people can be vastly improved through the use of the powers and resources of the federal government to provide for financing of health care for the aged, to improve the organization of health services, to assist in the financing of necessary health facilities and to increase the supply of professional health personnel.

The first session of the 87th Congress took a significant step toward the improvement of community health services and facilities in passing H.R. 4998 (S. 1071), introduced by Senator Lister Hill (D-Ala.) and Representative Oren Harris (D-Ark.). This legislation was piloted through the Congress most ably by

its two sponsors.

The Community Health Services and Facilities Act of 1961, signed into law by the President on Oct. 5, 1961, (P.L. 395) provides for an increase in federal grants and services to states, to assist them in developing programs to provide out-of-hospital health services, particularly to the aged and chronically ill; it authorizes project grants to voluntary and public agencies for the development of new or improved methods of providing health services outside of hospitals; it amends the Hill-Burton Hospital and Medical Facilities Construction program by doubling the amount of federal funds for the construction of nursing homes and increasing the authorization for research in the effective utilization of health facilities; and the health research facilities construction program is extended and expanded.

The AFL-CIO strongly supported this bill from the time of its introduction in the belief that each of these programs would be a major contribution toward our goal that the best of modern medical care should be available to all. The AFL-CIO was the only organization which testified on behalf of the consuming

public at the hearings on this bill.

In addition to supporting this legislation as introduced, the AFL-CIO sought to amend the bill to provide for federal loans to non-profit direct service health plans for the construction of necessary facilities. The bill was not so amended, but a major effort in support of legislation providing for such loans is indicated in the second session of the 87th Congress. Bills incorporating this provision have been introduced by Senator Hubert H. Humphrey (D-Minn.) (S. 1158) and Representative George M. Rhodes (D-Pa.) (H.R. 5887).

The need for legislation to provide loans for comprehensive medical care plans is receiving increased recognition as it becomes more apparent that high quality medical care can be made most readily available to workers and their families through a substantial expansion in comprehensive direct service health plans based on group practice. Such plans have been developed in response to new developments in medical science which have made medical practice more complex and medical care more expensive. Comprehensive health plans eliminate the economic barriers to needed care through complete prepayment; instead of the prevalent emphasis on in-hospital benefits, care is directed toward the prevention and early detection of disease. Medical services are provided by family physicians and specialists working as a team. The combination of comprehensive prepayment with the group practice of medicine provides the setting in which high quality care can be rendered at premiums that working people can afford to pay and can budget for.

One of the major obstacles to the establishment and spread of such plans is the difficulty in financing the necessary facilities. Low-interest federal loans to comprehensive medical care plans, as provided for in the Humphrey and Rhodes bills are an essential part of a rounded program to bring the best of modern

medicine to all Americans.

Health Personnel

Our doctor shortage is critical. In the face of widespread evidence that there are currently not enough doctors to provide adequate care to our present population, the doctor-patient ratio is steadily declining. Merely to maintain the present physician-population ratio, 3,750 more medical students would have to be graduated annually than were graduated in 1960.

The chief barrier to any substantial increase in the supply of physicians is the limited capacity of the nation's medical schools. Existing schools must be expanded and new schools must be built. Both can be done without injury to the quality of medical education.

It is clear that existing sources of financial support cannot meet the costs of a construction and expansion program adequate to the nation's needs. Federal financial aid is the only realistic and practical answer.

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In addition, it must be made possible for many more young people to meet the expenses of medical training. If the enormous cost of a medical education is not going to exclude promising young men and women from the opportunity to become physicians, then federal aid for scholarships to medical and dental students is an absolute necessity.

Beginning with the First Constitutional Convention, the AFL-CIO has recognized the need for legislation to provide adequate federal assistance to schools training medical and related personnel, in the form of grants for construction, expansion, equipment and maintenance of physical facilities, for research, for student scholarships, and to subsidize day-to-day operating costs. It has been our position that such grants should provide incentives for the establishment of new schools, and for existing schools to expand enrollment.

The Hill and Harris bills (S. 1072 and H.R. 4999), based on the President's proposals for grants to medical and dental schools to assist in financing of planning, construction, expansion, restoration, and cost of education, and for scholarships to talented medical and dental students in need of financial assistance, and the Fogarty bills, (H.R. 27, H.R. 3276, and H.R. 3438) incorporate these principles and objectives. Hearings on S. 1072 were held in the first session of the 87th Congress by the Subcommittee on Health of the Senate Committee on Labor and Public Welfare, under the astute leadership of Senator Hill, the bill's sponsor. The AFL-CIO vigorously supported the proposal, as we supported a similar proposal (H.R. 6906) introduced by Representative John E. Fogarty (D-R.I.) in the 86th Congress. We look forward to House hearings on this legislation and its passage by both bodies early in the next session of Congress. The need for this legislation is so compelling, so well documented, and of such magnitude that further delay cannot possibly be justified.

Health Insurance and Medical Care

The organization and financing of personal health services have been the objects of more public attention and greater public concern over the past two years than ever before in our country's history. At the same time, organized labor continues to be by far the most effective voice of the consumers of medical care and the purchasers of health insurance. We carry an immense responsibility as we attempt to obtain higher quality medical care and meaningful protection against unexpected bills at the time of illness on behalf of our members, their families, and—indeed—the vast bulk of the American people.

Financing of Medical Care

While more than 70 percent of the population today has some form of health insurance, only about one-quarter of all personal medical care expenditures are covered by insurance. For those who are insured, about one-third of the family's medical costs are borne by prevailing plans. The coverage of most plans is concentrated on hospitalization and surgery, leaving a substantial part of the medical care spectrum entirely untouched. In those areas where some coverage is provided, rising benefit levels for the most part do not keep up with ever-increasing charges.

As labor seeks more adequate financial protection for health insurance dollars, major efforts are being directed toward obtaining service benefits as opposed to cash indemnity payments. Service benefits mean that at least certain medical expenses can be budgeted for and need not be met at the time of illness. Concurrently, when reasonable fee schedules are widely accepted by providers of service as payment in full, inflationary pressures on

medical costs are lessened.

We are working toward an expansion in the scope of benefits that can be prepaid. It has become widely recognized that inhospital benefits must be supplemented by prepayment for care in the home, the doctor's office, and the out-patient departments of hospitals. Prepaid dental care is receiving increasing attention. Prepayment for drugs, coupled with arrangements for their mass purchase and programs directed toward encouraging prescription by generic names is another new frontier in health insurance. In addition, there is mounting concern with finding ways to prepay necessary care for mental illness, both in and out of the hospital.

Efforts are underway to broaden the scope of coverage to those who have largely been left untouched by the growth of voluntary insurance—the aged and disabled, the unemployed, and the employees of small employers. This can be achieved in part by

legislation, and in part through collective bargaining.

Among the basic problems in health insurance that remain unresolved is that of rate-setting. The rates of more and more groups are being determined on the basis of the risks of that group alone, with the result that the groups with greater medical care needs, which are most frequently also the groups with fewer financial resources, are forced to pay higher and higher rates for any health insurance protection. It may be that only legislation requiring insurance companies as well as non-profit prepayment plans to engage in a certain amount of risk pooling can effectively avert a situation where adequate health insurance is within the financial reach of only the more fortunate groups.

The new evidence that has accumulated since our last convention has again added weight to our conviction that the greatest promise to the consumer of obtaining meaningful protection from health and welfare dollars lies in the vastly expanded availability of comprehensive direct service plans. Through these plans, utilizing selected physicians practicing in groups, our members and their families receive the financial protection as well as the health protection they seek, at premium rates which are competitive with other plans offering considerably less coverage. Direct service plans can function so effectively because they operate in a framework of medical practice that is rationally

organized and financed.

Organization of Health Services

Ten years ago President Truman's Commission on the Health Needs of the Nation concluded that "the genius for organization, so characteristic of American life in general, is conspicuous in health services by its absence." This is as true today as it was then. Small community and rural hospitals continue to be isolated from the main stream of medical developments. The staffs of urban medical centers and their students are still largely

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separated from the everyday practice and problems of medical care. The time of professional health personnel continues to be used ineffectively and wastefully. Increasingly expensive equipment continues to be utilized inefficiently. Public health services are still not focused on many of our most urgent health problems. The vast majority of Americans continue to receive medical care which is fragmented, sporadic, and uncoordinated.

It becomes clearer daily that we cannot assure our members and their families of real protection in return for the funds expended on health plans without concerning ourselves with the

organization of health services.

Our efforts in this area are manifold.

We are attempting to encourage the growth of group practice. Progress in medical science has made medical practice much more complicated. Fifty years ago it was possible for one doctor to encompass all the knowledge that was then available. Alone, he could provide the best known treatment for all kinds of diseases and conditions. This is no longer true. And that is why so many doctors have become specialists. The development of group practice has met these new necessities of modern medical care. In a medical group, family doctors and all the major specialists work together as a team. The patient benefits by being able to go to one place where his health is comprehensively managed instead of his having to go all over town from family physician to specialist to X-ray man, etc. In group practice each doctor does what he is trained to do best. There is the most striking agreement among authorities in the health field on the potential that group practice holds for better health care.

We also believe that the modern hospital must expand its role to function as a community health center. Coordinated community planning, to utilize most effectively scarce and expensive re-

sources, is essential toward this end.

There is great promise in the possibility of working out some effective relationship between medical education and medical care plans. The needs of medical schools to expose their students to more of the problems of providing personalized medical care, and their increasing need for teaching material, might well be met in ways which could serve the needs of prepayment plans for institutional connections to raise the quality of care that is provided.

It is a matter of considerable regret that our aspirations toward making high quality medical care readily available to our members and their families are frequently frustrated by the representatives of those with whom we should be most firmly allied

in this endeavor.

The frequent anti-social positions taken by the American Medical Association are having the effect of slowing down significant progress in the financing and organization of medical care. In addition, however, we are most concerned that the AMA's

activities in the social and economic realm are resulting in a shift among physicians away from their concept of themselves as professionals, and toward an increasing emphasis on the business aspects of medical practice. Only physicians themselves can take the needed action to reverse this trend. Dedicated physicians who put scientific progress and their increased ability to heal the sick above purely economic considerations have a right to expect, and will receive, substantial support from labor and from the general public in their efforts to be heard.

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Education

The wide gap between school facilities and the educational needs of the country continues to be one of the most crucial problems facing America. There have been few legislative failures so damaging to the future of America as the refusal of Congress to take any substantial steps toward a program of

federal aid for education.

Our school-age population has been growing rapidly and the peak is nowhere near. By the fall term of 1961, 49.3 million children have crowded into the nation's public and private schools. This is 10 million more than were enrolled in the schools only five years previously. During the past decade the school age population grew twice as rapidly as did the total population. Each year the increase continues, and in 1961, school enrollment is 1,400,000 over that of the previous year.

Localities and states have made substantial efforts to keep up with the growing educational need, but despite all that they have done, the schools have not been able to meet the demands placed upon them by the swelling ranks of school age children.

During the school year 1959-60 there were 1,800,000 more pupils enrolled in public schools than could be handled by the normal capacity of the existing classrooms. An additional 142,000 classrooms were needed to meet these needs, 66,141 to meet excess enrollment, and 76,000 to replace obsolete and unsafe facilities presently being used.

Less than half this number of additional classrooms had been scheduled for completion by the opening of the fall, 1961 semester, when the need was multiplied by the further addition of

another 1,400,000 pupils enrolled in schools.

In short, America not only has an educational crisis, but, despite the best efforts of the states and the communities to the contrary, the crisis gets worse each year rather than better. Classrooms are not being built as fast as old ones become obsolete and unuseable.

The public attention which has been focused upon school problems, in considerable measure because of the efforts of organized labor in this direction, has had the effect of gradually raising teachers' salaries. The most recent figures of the United States Office of Education indicate that teachers salaries rose from an average of \$4,702 a year in 1957-58 to \$5,135 a year in 1959-60. This is still far below the \$9.476 which the University of California's Heller Committee recommended as a minimum family budget for a "junior professional" worker and even below the \$6,637 which the committee recommended as a minimum

family budget for a wage earner in industry.

Teachers' salaries, even with the improvements of recent years, are far from high enough to attract promising young people into the teaching profession. The present shortage of teachers has been estimated to be as high as 250,000. A survey of the United States Office of Education indicates that each year more than 10 percent of the public school teachers leave the teaching profession altogether. In large part, the shortage has been met by the use of teachers with substandard certificates. During the 1960-61 school year, 91,500 teachers in the schools had failed to meet the legally established requirements for a teaching certificate. Admittedly many of these were dedicated teachers, but they needed at the minimum additional education

courses to qualify for certification.

School facilities would be strained even more if it were not for the tragic fact that 35 percent of the boys and girls enrolled in school in the United States drop out before graduation from high school. One third of these quit school before completing the eighth grade. At current levels, 7.5 million of the new young workers entering the labor market during the 1960's will be "drop-outs." Most of these "drop-outs" could do good work in school and they should be encouraged to continue their education. Otherwise, they will get the lowest level jobs and they will be most subject to unemployment, especially as technological change places ever greater premiums upon skilled manpower. One of the urgent needs in the schools is a program of guidance and counseling attuned to today's world, able to help these young people find their place in school and become better fitted for employment in the world of the future.

Too few teachers, too few classrooms and too many students for the facilities to handle. This is the story of public education

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today even more than it has been in past years.

Much the same situation is true of education at the college level. A record enrollment of 4,300,000 has been reported by institutions of higher education for fall, 1961. By 1971 enrollment is expected to further increase to more than 6,000,000. These ranks would be swollen even more were it not that many of the best qualified high school graduates are financially unable to go to college. Independent studies show that as many as 100,000 of the top 25 percent of each year's high school graduating classes do not go on to college because of financial problems. The costs of college education have increased sharply during recent years. The annual cost of attending a state university today exceeds

\$1,700 as compared to \$750 in 1940.

One way of bringing the cost of higher education within the range of workers' children is to encourage the junior colleges and the community colleges. By enabling students to live at home, these institutions make it possible for many young people to attend college who could not otherwise afford to even if they were to receive a tuition scholarship.

At the graduate level, the U.S. Office of Education estimates that universities could have handled 20,000 more candidates for doctoral degrees had financial support been available. Brainpower is America's most valuable resource, but it is being as heedlessly wasted today as we once wasted our water and our

forests.

Federal Aid to Education

Considering the growing seriousness of the educational crisis from kindergarten to graduate school, the failure of Congress to act upon federal aid to education is a source of dismay. Education is a national problem and it cannot be solved locally. Some states, having a higher per capita income, have more money to spend on education than others. Many of the states which spend the least on their schools actually lead the nation in the percentage of their income spent on education. Minnesota and Illinois, for example, both spend about the same amount per pupil, \$404 for Minnesota and \$402 for Illinois. But to accomplish this, Minnesota spends 4.1 percent of its total personal income for schools whereas Illinois spends only 2.2 percent of its income for schools. The State of Washington spends 5.4 percent of its income for education, but this only results in an expenditure of \$393 per pupil. New Jersey needs to spend only 2.9 percent of its income for education in order to spend \$497 per pupil. It is apparent that inequalities in educational opportunity result not so much from lack of effort as from the inequality of income between the states.

Federal aid would help level these differences between the states. What is more, since federal revenue is derived primarily through the income tax, federal aid would insure that education would be paid for by those best able to do so. This is in fact the key to much of the opposition to federal aid. The Chamber of Commerce and its allies would prefer to see schools financed by low and middle income groups who are the victims of state and

local sales and property taxes.

An especially urgent need for federal aid is that of the children of migratory workers. These children, travelling from state to state as their parents follow the harvest seasons, have the highest rate of illiteracy of any group in the nation. Their educational needs are uniquely a responsibility of the federal government.

1960 Record

During the 1960 session in Congress a major effort was made to pass legislation for federal grants to the states for school construction and/or teachers' salaries. Sidetracking an \$11.4 billion 4-year program sponsored by Sen. James E. Murray (D-Mont.) and Rep. Lee Metcalf (D-Mont.), which was blocked in the House Rules Committee, liberals in both houses sought more modest legislation. The Senate approved S. 8 introduced by Sen. Pat McNamara (D-Mich.), a bill establishing a 2-year program for school construction only. Before passage, however, the Senate adopted the Clark (D-Pa.)-Monroney (D-Okla.) amendment making appropriations available for either school construction or teachers' salaries or both. The amendment was adopted by a vote of 54 to 35. In the House, a bill offered by Rep. Frank Thompson (D-N.J.) providing \$325,000,000 for each of three years for school construction was brought to the floor. After amending the bill to prohibit grants to schools not in compliance with the Supreme Court's desegregation decision, a maneuver which had killed earlier school aid bills, the House passed the bill by a vote of 206 to 189. The Rules Committee, however, voted against sending the bill to conference and federal school aid was thus killed for the 86th Congress.

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In 1961 President Kennedy recommended a 3-year \$2.2 billion program of aid for school construction and/or teachers' salaries. As part of the same proposal, the President recommended extension of the impacted areas aid program at about half the current rates. The Administration bills were introduced by Sen. Wayne Morse (D-Ore.), S. 1021 and Rep. Frank Thompson, H.R. 4970. The Senate, acting first, approved a \$2.8 billion bill which extended impacted areas aid at current levels. The roll call vote was 40 to 34. In the House a modified version of the President's program was indefinitely postponed by the House Rules Committee. Late in August, Thompson introduced H.R. 8890, a compromise proposal backed by the Administration which would have provided a 1-year \$325 million school construction program, a 1-year extension of the student loan provisions of the National Defense Education Act and a 1-year extension of impacted areas program.

When this issue was brought to the floor on Calendar Wednesday (a maneuver to bypass the Rules Committee), the House by a vote of 170 to 242 refused to even consider the bill. At least part of the reason for this defeat was that the bill had been so sharply compromised that none of the groups interested in it were satisfied with it. Having sidetracked general aid to schools,

the Congress passed H.R. 9000, a 2-year extension of federally impacted areas school aid and the National Defense Education

Act.

A second priority presidential request was to extend and expand the National Defense Education Act. Under this 1958 law, the government provides loans for college students, graduate fellowships and other aids to encourage better instruction in science, mathematics and foreign languages. The President urged that the number of fellowships be increased and that physical fitness be added to the areas of instruction having national defense importance. The President's recommendations were introduced by Sen. Lister Hill (D-Ala.), S. 1726 and Rep. Cleveland Bailey (D-W. Va.), H.R. 6774. Legislation was reported in both Houses but the House Rules Committee indefinitely postponed the House bill.

A third presidential request was to establish a \$2.8 billion 5-year program of loans to colleges for construction of dormitories and academic facilities and a 4-year program of federal scholarships to aid 212,500 prospective college students. This bill, the proposed College Academic Facilities and Scholarship Act, was introduced by Rep. Edith Green (D-Ore.), H.R. 5266 and Sen. Hill, S. 1241. The bills were reported in both Houses but the House Rules Committee also indefinitely postponed this

House bill.

The effort to provide adequate support for the schools is not dead. What has not been accomplished in 1961 remains to be accomplished in 1962 and the years ahead. The education of our young people is a national as well as a local responsibility. This simple fact needs to be recognized through a comprehensive program of federal aid to schools. Teachers' salaries need to be raised to a level commensurate with their training and their responsibilities. Obsolete schools need to be replaced and new ones built to meet the requirements of our ever expanding young population. Federal aid should include a system of scholarships for qualified college students, with no restrictions on their field of study. Special attention in a federal aid program should be directed to the community colleges and to the junior colleges which can do much to bring higher education within the means of workers' children. Organized labor will continue to press for such a program until it has become a reality.

AFL-CIO Scholarship Program

As an evidence of its belief in a nationwide federal scholarship program for college students and as a way of encouraging affiliated organizations to establish scholarship programs, the AFL-CIO initiated its own scholarship program in 1959. Each year six four-year scholarships are awarded to high school students of exceptional ability, in cooperation with the National Merit Scholarship Corporation.

Under the plan, the country is divided into three zones, two scholarships being awarded in each: one for the child of a member of an affiliated union and the other unrestricted. Scholarship winners may take any course they desire at any accredited college or university in the United States. To date eighteen of these four-year scholarships have been awarded.

Apprenticeship

America is in the midst of a technological revolution which is as sweeping in its effects as was the industrial revolution of the nineteenth century. Automation has become one of the facts of industrial life. Machines which once displaced men are now being displaced by newer machines. Travel in space has become a reality. Technological achievements which were only dreams a few years ago are commonplace today.

New technology requires a tremendous reservoir of skilled workers. All of the studies which have been made of our nation's future manpower needs indicate that there will be a growing demand for skilled workers and that there will be fewer and

fewer job opportunities for unskilled workers.

Apprenticeship training remains the surest way to meet these demands. And yet, apprenticeship programs continue to lag. In January 1958, there were 186,406 apprentices registered in all trades. By the end of the year, this number had dropped to 177,695. And by December 1960, the number of registered apprentices had further dropped to 161,128. Altogether this repre-

sents a loss of 15 percent over a period of three years.

We must do a great deal more to promote apprentice training if our supply of skilled manpower is to keep pace with growing technological demands. According to a forecast of the United States Department of Labor, 29,000,000 new workers will be entering the labor force during the 1960's. At present rates few of them will have been touched by apprentice training programs. Yet there will be a need for 5 million new skilled workers by 1970. To meet this goal there should now be, at a conservative estimate, about 500,000 apprentices. This is more than three times the number of apprentices that are actually registered at the present time. Unless we are successful in meeting the need there is an ever present danger that manpower training will be undertaken in other ways that will have the effect of debasing the craft standards which we have established.

Unions must continue their efforts to extend and improve apprenticeship programs. They must watch closely the changing demands for skills. They will need to work unsparingly on joint apprenticeship committees to improve the quality of the classroom instruction and the on-the-job training in an effort, to

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make apprenticeship more fruitful and attractive.

Especially, employers must be made to accept a greater sense of responsibility for the training of apprentices. Some em-

ployers have cooperated in an admirable way. But far too many of them, instead of training skilled workers, are satisfied to meet their needs by pirating away the young workers trained by others. The U. S. Department of Labor reports that at least 80 percent of the establishments that should have apprentice programs do not. Their shortsightedness may very well cost the

nation a heavy price.

Along with their efforts to improve apprenticeship training, unions have given much attention to the related problems of improving the technological knowledge and skill of their jour-Many older workers have developed specific skills which have become obsolete in present day industry. They may therefore be working considerably below their real skill or they may be unemployed altogether. Retraining of these workers can provide the nation with an additional reservoir of valuable skilled manpower. President George Meany, testifying before the House Subcommittee on Unemployment and the Impact of Automation, expressed the support of the AFL-CIO for a comprehensive nationwide program of retraining for unemployed workers whose skills have become obsolete and for upgrading the skills of the labor force generally. Legislation designed to facilitate such a program was unfortunately among the casualties of the House Rules Committee which prevented the matter from reaching the floor of Congress for a vote.

In other testimony before the House Subcommittee on Labor, President Meany reiterated organized labor's opposition to racial discrimination in apprenticeship and vocational training programs. He detailed a number of examples of vigorous union action to provide equal opportunity for all in apprenticeship

training.

A national effort, involving the cooperation with labor of the schools, the employers, and the government is needed to attract qualified young workers to apprenticeship programs and to ensure that the training in these programs is soundly structured in terms of the skilled manpower needs of modern technology.

Vocational Education

Organized labor has long played an active role in the support of vocational education as an adjunct of our public school system. The Smith-Hughes Act of 1917 and the George-Barden Act of 1946, which together provide the basis of our present system of public vocational education, were both passed with the active

support of organized labor.

It was recognized from the very beginning that publicly supported vocational education must be a supplement to apprentice training and not a substitute for it. It would be folly to suppose that a vocational course in school could in itself produce workers with skills comparable to those developed by apprentices through on-the-job and classroom training. The purposes of vocational education can be best served if trade unions are represented on advisory committees in their states and localities. Union members of these advisory committees should be alert to make certain that vocational programs do not invade the areas of apprenticeship training. Vocational education should be broadly conceived so as to develop an adequate background upon which subsequent specialized training may be based. Vocational schools can be of great value through providing the related classroom instruction which is an important adjunct of on-the-job apprentice training.

A special problem in the area of vocational education has been posed by the growing use of the term "technician" in industry. The term is a troublesome one and there is in fact no generally accepted understanding of precisely what a technician is, what

he does, or how he differs from a journeyman.

This problem has been brought into sharp focus by the National Defense Education Act, passed originally in 1958 and extended without changes in 1961. In general organized labor has supported this bill, especially in its provision of loans to enable young people to attend college. However, one section of the bill provides funds to support area vocation training, but the language of the bill has been interpreted as limiting these funds to

the training of "technicians."

Discussion of "technicians" usually begins with a statement about the need for greater skill in modern industry, but when the training of technicians is spelled out, it soon becomes apparent that their training involves less time than that which apprentices devote to learning their craft. Training of technicians usually involves two years of schooling as opposed to the four or five years which the apprentice devotes to learning his skills. The whole concept of "technician training" therefore threatens to replace skilled workers with people who theoretically are more highly trained but who in fact have not received as much training as the journeymen they displace.

At the same time, under the interpretation which has been placed upon the bill, the federal funds provided cannot be used to up-grade the skills of those who are already in the trades.

The AFL-CIO supported changes in the act which would have clarified the right to use area training funds to train skilled workers. Since the bill was passed without change, we feel that the same ends can be obtained by intelligent interpretation of the present provisions, and we will urge such interpretations upon the United States Department of Health, Education and Welfare.

Community Services

During the past two years, the AFL-CIO continued to make substantial progress in the area of community service. Commu-

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nity service activities are now the rule rather than the exception in the trade union movement.

Labor's identification with the health and welfare of the total community has resulted in immeasurable benefits not only to all

union members but to all citizens as well.

The goal of a community which has become fully representative of all the people and fully responsive to the people's needs has not been reached, but long strides have been made in that direction.

This progress reflects the conviction shared by most AFL-CIO affiliates that the union is more than a union, that it is, in fact, also a community organization, and that the union member is first and foremost a citizen of his community with all the rights and responsibilities of citizenship.

The extension of union activities beyond the plant gates into the community as a whole is a dynamic expression of this point

of view in more concrete terms.

1960-61 Program Priorities

Specifically, Community Services initiated a number of new programs during 1960 and 1961 while, at the same time, it con-

tinued to promote and develop its ongoing programs.

In 1960 Community Services established blood banking as a priority program. Aware of the need for a comprehensive national voluntary nonprofit blood program, Community Services entered into a formal agreement with the American National Red Cross.

This memorandum of understanding, which was distributed widely among all AFL-CIO affiliates and Red Cross chapters, establishes several important principles including blood reciprocity on a 1-for-1 basis, the availability of blood and blood derivates without cost for the blood itself and a pledge against

the segregation of blood along racial lines.

In an effort to further promote this priority program, Community Services conferred with a number of other organizations, including the Joint Blood Council and the American Association of Blood Banks. In addition, late in 1960 and early in 1961, AFL-CIO Community Service Activities conducted seven regional workshops on blood banking in Westbury, South Bend,

Lansing, Hershey, St. Louis, San Francisco and Atlanta.

Community leadership was the priority program in 1961. This program was developed in recognition of our need for greater skills, new techniques and more precise tools for community participation and leadership. In this connection, the first national labor conference on community leadership was conducted by AFL-CIO Community Services this Spring in Atlantic City. This followed seven regional Community Services training conferences held earlier this year. Some of the country's outstanding

authorities in leadership training participated, and the proceedings of the national conference as well as other materials published in this connection now constitute the text books and source materials for similar training sessions on a state-wide or citywide basis. Such leadership training sessions were already conducted by Community Services in Indiana, Michigan, Pennsylvania, Milwaukee and New Orleans.

Still another priority program this year is rehabilitation. Labor has always shown concern for the disabled. Our fight for adequate workmen's compensation laws is a case in point, but labor has not participated too actively in community rehabilitation programs for the physically, emotionally and mentally disabled. Early in 1960, the Executive Council adopted a statement outlining "A Labor Program for Rehabilitation" as recom-mended by the Committee on Community Services. This policy declaration is now being implemented by Community Services in many ways through workshops, conferences, materials, labor representation and participation on community rehabilitation committees, studies, etc. Already, Community Services helped to organize and participated in the National Conference on Rehabilitation held last year in Atlantic City and in several regional conferences held this year in Providence, Minneapolis, Seattle, Columbus and Newark. Here we participated along with other groups including the National Institutes on Rehabilitation and Labor Health Services, the National Rehabilitation Association, the Group Health Association, the U.S. Office of Vocational Rehabilitation, the United Mine Workers and others. In addition, Community Services established a working relationship with the U.S. Committee of the International Society for Rehabilitation of the Disabled. Of special help in developing this program and in encouraging labor participation in community rehabilitation activities is the AFL-CIO Community Service pamphlet entitled "The Seventeen Million" published this year. Labor this year, too, has initiated and participated actively in rehabilitation programs in many communities, including Minnesota, New Jersey, Des Moines, Dayton, Youngstown and New York City.

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Welfare Programs

These three priority programs have been given special emphasis during the past two years, but the nine other priority programs adopted by Community Services during the past five years have not been neglected. On the contrary, much work has been done since the last AFL-CIO Convention in developing relief programs for the unemployed, including adequate public assistance and surplus food program. Here, Community Services took an active part in opposition to the so-called Newburgh plan and issued an evaluation of this 13-point program which was dis-

tributed and used widely in public welfare departments, social service agencies and schools of social work as well as trade unions. Community Services also completed a study of the eligibility requirements and standards governing the distribution of surplus foods, state by state. This study showed the need for liberalizing eligibility requirements and for developing uniform standards.

In addition to helping meet the needs of the unemployed and other distressed people, Community Services continued to press for labor representation on hospital boards and other community health and welfare agencies; for mass anti-polio vaccination programs; for the allocation of one percent of united fund and community chest goals for scholarships for social work students; for the fluoridation of community water supplies; for community health education; and for the establishment of a National Health Fund or a federation of voluntary national health agencies for purposes of raising funds once a year for all, allocating these funds on the basis of relative needs, coordinating basic medical research, conserving volunteer manpower and developing effective liaison with governmental and inter-governmental health research programs. This proposal is, perhaps, one step forward as a result of a study and recommendations released several months ago by a Rockefeller Foundation ad hoc committee on voluntary health and welfare which was highly critical of confusion, lack of cooperation and coordination in this area.

Community Service continued also with two more priority programs initiated in 1959, consumer counselling and pre-retire-

ment counselling.

Experimental projects in pre-retirement counselling were conducted late in 1960 in Baltimore and Philadelphia, and consumer information classes and conferences have been held during the past two years in 47 communities, including New York, Los Angeles, Lansing, Phoenix, Duluth, Columbus, etc. Consumer counselling was featured also at regional workshops in 1960 and at the national Community Service conference in New York in 1960. A pamphlet on consumer counselling, in both English and Spanish editions, was printed and thousands of copies sold. As a result of this program, many unions and communities have become aware of the need for information, legislation and law enforcement in this important area.

Many of these programs were discussed before AFL-CIO action with the National Advisory Council of the AFL-CIO Community Services Committee. "A Labor Program for Rehabilitation," which became AFL-CIO policy when the Executive Council adopted it on February 15, 1960, was originally approved by the National Advisory Council on December 4, 1958 and by the Committee on Community Services on May 25, 1959. This is an example of the great care taken in developing policies and programs which may have some impact upon unions, agencies

and the community at large. The National Advisory Council has been very helpful in this respect. This year the Council has been working with CSA staff on such statements as how can social welfare agencies work with organized labor, labor representation on social agency boards and the role of labor in organized community recreation.

During the two years, Community Services continued to carry on its basic responsibilities in the areas of strike assistance, disaster service, union counselling, fund-raising, agency relations and many other activities which are a vital part of its continu-

ing programs.

Aid for Cuban Refugees

Late in 1960 Community Services established an office in Miami for the purpose of assisting the Cuban refugees on problems relating to employment, union affiliation and community integration. It helped to distribute several thousand dollars raised by the AFL-CIO to the several operating agencies working with the Cuban refugees.

At the same time, Community Services initiated and cooperated in campaigns to raise funds and goods-in-kind for the needy dispossessed sharecroppers in the so-called Tent City,

Tennessee.

Community Services participated actively, in cooperation with the Red Cross, in programs designed to help the victims of Hurricane Carla in Texas and in other less dramatic disasters. C

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During the 1959-60 strike in the steel industry, Community Service representatives worked with the United Steelworkers of America and social service agencies in many communities for many weeks to develop effective programs of aid and assistance to the strikers and their families. Millions of dollars worth of relief, in cash, surplus food, medical care, housing, hospitalization, family counselling, legal aid, etc. were provided by public and voluntary community welfare organizations. Similar activities were carried on in other strikes for the purpose of providing assistance to the needy on the basis of need regardless of the cause of the need.

The Citizen Apprenticeship Program (CAP), initiated originally by AFL-CIO Community Services in the junior high schools in Sharon, Pennsylvania, was extended this year in Camden, New Jersey, and Fort Wayne, Indiana. A pamphlet explaining this program, designed to educate youth in community responsibility—particularly in health and welfare—was distributed to all schools, social agencies and unions throughout the country. A film on this subject, financed by the United Steelworkers of America, was released and exhibited by Community Services at conventions, conferences, school auditoriums, etc.

Puerto Rican Problems

AFL-CIO concern for the welfare of our Puerto Rican fellow citizens resulted in a national Community Services conference on Puerto Rican problems, held early in 1960 in New York. This conference, which was hailed by Governor Munoz-Marin, The New York Times and others, dealt with public welfare, family and child care, youth, recreation and leisure time, housing, health and hospital services and consumer problems. Leaders of the Puerto Rican community as well as many governmental and voluntary agencies participated. As a result of this conference AFL-CIO developed union counselling programs in Spanish, published Spanish pamphlets on family counselling, consumer counselling and unemployment relief and provided guidelines for central labor bodies and social agencies in their dealings with our Puerto Rican fellow citizens.

In addition to Puerto Rico, Community Services extended its program for the first time this year to Hawaii and Alaska with field visits, and provided special field consultation to the Canadian labor movement. It also conferred with representatives of the Indian tribes in Arizona and the Bureau of Indian Affairs on problems relating to the relocation and integration of Indians

in total community life.

During the past two years Community Services participated actively in hundreds of national and local programs, projects, conferences, forums, etc., including the White House Conference on Children and Youth, the White House Conference on Aging, the National Conference on Social Welfare. It included developing, in cooperation with USO, "The AFL-CIO Salute to the Armed Forces," paid by a \$10,000 grant voted by the AFL-CIO Executive Council. The union troupe for this show, which was organized by the American Guild of Variety Artists in consultation with the other unions in the entertainment field, left the United States on Labor Day in 1960 and entertained the troups in Spain, North Africa, Italy, etc. This was part of an ongoing program of AFL-CIO-USO cooperation on behalf of the men and women in our armed forces.

Continued Community Service attention to labor participation in local civil defense programs marked the past two years. A number of local conferences and workshops on civil defense were held and a memorandum of understanding on civil defense has been negotiated between the AFL-CIO Community Services Committee and the Social Security Administration Bureau of Public Assistance regarding participation in civil defense emer-

gency welfare services.

Anxious to improve its programs and activities in the years ahead, Community Services this year has initiated several studies to find out something about the quality and extent of labor representation on agency boards and labor participation in com-

munity affairs. The first study will be made simultaneously in New Haven and Philadelphia. The second study, which was made at the request of Community Services by the Dean of the School of Social Work of Adelphi College, in Wilkes-Barre, will be released shortly.

Still another study is underway of labor participation in federated fund-raising. While labor has contributed more than one third of the \$480,000,000 raised last year by united funds and community chests, there are some problems and questions which need to be probed and, if possible, solved. These problems relate to voluntarism, democratic participation and fair share giving.

In addition, Community Services is now conducting a study of the sheltered workshop in Akron, Baltimore, Boston, Bridgeport, Cleveland, Los Angeles, Miami, Minneapolis, Newark, New York, St. Louis and Washington. The purpose of this study is to determine the standards, wage scales, the extent of labor participation, sources of income, rehabilitation facilities, etc.

In the last two years AFL-CIO Community Services in hundreds of communities across the country helped to meet human need in many different ways—from a pint of blood to a sick child to an artificial limb for a disabled worker, from building a new Boys' Club to raising funds for a new hospital. This type of public service is described best, perhaps, in the community services film entitled "Our Community—USA," released this year by the Phoenix, Arizona, AFL-CIO.

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Murray-Green Award

These Community Services activities are enhanced by the AFL-CIO Philip Murray-William Green Award, consisting of a \$5,000 grant and a suitably inscribed medal. It was established by the Executive Council to give recognition to an individual or organization that has made an outstanding contribution in the general areas of community organization, health, welfare and recreation.

Late in 1959, after the third AFL-CIO convention, the award was presented to former President Harry S. Truman at a dinner in Kansas City, Mo.

In 1960, the award was presented to Mrs. Agnes E. Meyer at a dinner in Washington, D. C.

In 1962 the award will be presented to Governor Luis Munoz Marin at a dinner on May 3. This will be the closing dinner of the AFL-CIO National Conference on Community Services.

The first three awards were presented in New York to Senator Herbert H. Lehman in 1956 and to Dr. Jonas E. Salk in 1957, and in Beverly Hills to Bob Hope in 1958.

Safety

Despite a half-century of organized effort by public and private organizations in the United States to promote occupational health and safety, the American trade union movement is not satisfied with the results. To be sure there have been significant advances made, but they have not come steadily. Instead, "progress through tragedy" remains the best summarization of the development in this area.

The time has come for persistent, positive action. For altogether too long so-called old problems have gone unresolved while new occupational diseases have steadily multiplied. The time has come for labor, management, and government to face realities

and to act in concert.

2d Conference on Safety and Occupational Health

Implementing its three-pronged program on safety and occupational health—labor management relations, trade union education and training and legislation—the AFL-CIO Standing Committee on Safety and Occupational Health conducted its second national conference in Washington, D. C., May 10-12, 1960.

The theme of the second conference was the occupational health of workers. In the judgment of the AFL-CIO Standing Committee, there was a positive need to focus the attention of the trade union movement upon the present status of occupational health. Four specific hazards were selected—radiation, poisoning from chemicals and metals, industrial noise, and eye injuries. A survey of the present status of state programs in occupational health was presented.

Radiation

The presentation of Frank Brannigan of the Atomic Energy Commission staff emphasized the fact that while all radiation should be avoided whenever possible, exposure to radiation from X-rays administered by a competent physician or dentist presented a far different problem from that associated with working with an atomic reactor. He emphasized the need for constant awareness and constant protection against any degree of risk involved in the use of nuclear energy.

Industrial Poisoning

The paper of Dr. Herbert K. Abrams, a consultant to the International Chemical Workers, described in detail some of the known hazards in modern industry arising from both chemicals and newly discovered metals. After listing some of the effects of the known chemicals upon the heart, lungs, central nervous system, and other parts of the body, he pointed out that prac-

tically every year some 500 new chemical compounds are introduced for industrial uses about which little or nothing is known in terms of their hazards to workers. Mention was also made of industrially caused cancer and the more common forms of dermatitis arising from chemicals and other substances. Despite the size of the problems raised in this area, the facts presented by Dr. Abrams led to the conclusion that these kinds of occupational diseases are preventable.

Industrial Noise

The problems of industrial noise were presented by C. D. Yaffe of the U. S. Public Health Service who chose to use a question and answer technique rather than read a formal paper. By skillfully broadening his answers to questions raised by the delegates, Yaffe quickly developed in the minds of his listeners the basic limitation of knowledge which exists concerning these recently recognized problems of noise and the consequent impairment of hearing.

Eye Protection

James E. O'Neil, a representative of the National Society for the Prevention of Blindness read a paper and showed a film entitled, "It's Up To You" concerning hazards to vision which exist on the job. He estimated that approximately 1,000 wage earners suffer some form of eye injury each working day. He traced the historical pattern of eye conservation and demonstrated that one major error has persisted. That error was the assumption that by requiring only those workers who are directly exposed to eye injuries to wear protective equipment, eye safety would be achieved. The simple fact is that more eye injuries occur to workers who are not directly exposed to eye hazards. O'Neil emphasized the joint responsibility of labor and management to dedicate themselves to a joint approach to preserving the eye-sight of wage earners.

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Status of Occupational Health

The paper presented by Henry N. Doyle of the Department of Health, Education and Welfare, brought to light some of the factors which explained many of the deficencies in the occupational health area and presented some data pertinent to the obligation of the states to accept their obligation to assist in protecting their own citizens from occupational disease.

Following the presentations of the various speakers, the delegates formed workshops for the purpose of making recommendations to their unions and the AFL-CIO on matters of safety and occupational health as they pertain to the members of the trade union movement. Plans are now under consideration to hold the

third national conference early in 1962.

Safety Clauses in Union Contracts

Each workshop studied a report made by the AFL-CIO standing committee on its survey of some 7,000 collective bargaining agreements to determine what use was being made of labor-management relations to promote safer and healthier working conditions. The study had been recommended by the first conference.

The report indicated that approximately two-thirds of the contracts used in the sample had some form of a safety clause. Roughly 40 percent of such clauses provided for labor-management participation in plant safety programs. Approximately 15 percent of the clauses provided for joint and equal participation by labor and management in safety programs. About 97 percent of the contracts asserted that safety matters were subject to grievance machinery. Very little evidence was uncovered in these clauses which limited an employer's responsibilities to existing laws.

AFL-CIO Safety Training Institute

One of the major recommendations from the delegates to the second conference was that the standing committee, in cooperation with the U. S. Department of Labor, initiate an AFL-CIO Safety Training Institute for members of the AFL-CIO affiliates and directly affiliated unions.

The institute is organized in four, one-week units, one held every three months, covering a complete range of safety subjects for the purpose of training teachers for AFL-CIO affiliates in matters of safety and occupational health with the graduates returning to their respective organizations and developing pro-

grams for their general membership.

Three units of the institute have been completed. Unit I—Introduction to Safety Training was held March 27-31, 1961. Unit II—Mechanical and Physical Safety Training was held July 10-14, 1961 and Unit III—Chemical and Environmental (including Radiation) Safety was held October 2-6, 1961. Unit IV—Teacher Training in Safety will be presented in January 1962.

There have been 12 national and international unions represented in this program. There was such an enthusiastic response from the Carpenters that a separate unit of training had to be set up for their 25 students. These units for the Carpenters union were held during the week following the regularly sched-

uled sessions.

The entire cost of training is limited to the expense of transportation, room and board of each trainee which is borne by each union for its own students. There is no tuition charge for members of AFL-CIO affiliates.

When the four units are completed, each student will be presented with an AFL-CIO Certificate, as well as a certificate of completion from the U. S. Department of Labor whose staff specialists taught at the Institute.

Other Activities

Members of the standing committee actively participated in the National Safety Congress and Exposition during the last two years. This congress is held each October in Chicago. Secretary-Treasurer Schnitzler delivered one of the major addresses

at the 1960 Congress.

The Labor Conference of the National Safety Council, of which the AFL-CIO is a dues-paying member, successfully completed its Third Annual Labor Day Traffic Safety Campaign with the result that the 1961 Labor Day Holiday was the safest in history based on the number of cars and the number of miles driven. Each year President Meany has addressed a letter to all AFL-CIO affiliates endorsing this very important safety campaign, urging their active participation at the grass roots level. This year the campaign was directed by C. J. Haggerty, president of the Building and Construction Trades Department, AFL-CIO. In previous years, the campaign chairmen have been James A. Brownlow, president of the Metal Trades Department, AFL-CIO and a member of the standing committee; and P. L. Siemiller, vice president of the International Association of Machinists and also a standing committee member.

Among other activities of the AFL-CIO standing committee in the past two years have been its co-sponsorship of the 13th International Congress on Occupational Health which was held in New York City in July 1960 and the planning of and participation in the President's Conference on Occupational Health held in Washington, D. C., March 1-3, 1960. Plans are now under way for the Eighth President's Conference to be held March 6-8,

1962.

The following pamphlets have been prepared and distributed by the Standing Committee: "Must America Continue to Make Progress Through Tragedy," "AFL-CIO Safety Program," and "We're Promoting Safety in Your Local." This last publication, a 12 page brochure, is being ordered in large quantities by our

affiliates.

Members of the standing committee also addressed about 12 national and international union conventions; approximately 20 state safety conferences and 10 conferences on safety conducted by various national organizations. Members of the standing committee also serve on various standards boards of the American Standards Association and those sponsored by the National Safety Council, the American Society of Safety Engineers and the American Society of Mechanical Engineers.

Among the national legislation presented during the last two years, the AFL-CIO standing committee had an active interest

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in the labelling of hazardous substances; mine safety; proper reporting of accidents in the railroad industry; the transportation and storage of explosives, chemicals and other hazardous materials; air pollution control; and highway safety.

John D. Connors, assistant to President Meany, is the executive secretary of the AFL-CIO Standing Committee on Safety and Occupational Health under the chairmanship of Vice President

dent Richard F. Walsh.

Labor and the Churches

The Office for Religious Relations seeks to interpret the labor movement—its ideals, aims and achievements—to the lay and clergy members of the various religious bodies of our country, Protestant, Catholic and Jewish, and to encourage trade union members, if they have not already done so, not only to join the church or synagogue of their choice but also to take an active part in the work of their chosen religious organization.

During the two years since our 1959 Convention, Charles C. Webber, AFL-CIO Representative for Religious Relations, who is also a member of the General Board of the National Council of Churches of Christ in the U.S.A., has addressed over 100 meetings of international, national, regional, state, county and city AFL-CIO organizations and Protestant, Catholic and Jewish

religious organizations.

The labor movement has real ethical and religious significance in view of its long record of developing industrial democracy and brotherhood and of raising the standard of living for millions of Americans through collective bargaining with management for living wages, the reduction of the hours of labor, the securing of safe and healthy working conditions, and the establishment of labor-management arbitration agreements.

Religion and Labor Council of America

One of the major responsibilities of the Office for Religious Relations for the past two years has been to cooperate with the Religion and Labor Council of America.

This national organization, that dates back to 1932, has 50 outstanding religious and labor leaders, Protestant, Catholic

and Jewish on its Executive Board.

During the last 29 years its officers and staff have aided clergymen and laymen of all faiths through local, regional and national fellowship groups, and through its publications—"Religion and Labor" and "Walking Together"—to understand the role of trade unions, labor-management relations, and religious faith and practice in daily work.

The Religion and Labor Council plans "to establish fellowship groups for regular meetings between religious and labor leaders in various localities to study methods of improving cooperation and mutual understanding, to further the study and understanding of labor and economic questions within theological schools, and to formulate ethical principles relevant to our entire industrial life. It plans also "to attempt to educate the clergy concerning the goals and objectives of the labor movement, and attempt to educate union leadership to the necessity of being guided by ethical principles in day-by-day operation."

Within the past two years the AFL-CIO Religious Relations Representative has addressed Religion and Labor Fellowships in California, Colorado, Indiana, Michigan, Minnesota, New York, Ohio, Texas, and Virginia, and has strongly urged AFL-CIO members to join the Religion and Labor Council of America, to secure its publications, and to set-up local Fellowships in their

city or county.

The Clergy Economic Education Foundation and Workshops

In 1957 Purdue University, under the leadership of Professor Olin W. Davis, and in cooperation with representatives of labor, management and agriculture, launched the first economic education workshop for clergy in the United States of America.

Protestant, Catholic and Jewish religious leaders from Indiana attended and spent four days discussing such topics as Economic Values in a Judeo-Christian Society; Unemployment; Automation; Impact of Increased Productivity; Distribution of Income; Labor and Management Contract Relations and the Problems of Agriculture.

The response of the clergymen and of the "reactors" for labor, management, and agriculture, was so favorable that the Purdue

University Workshop has been continued.

In 1959 a National Clergy Economic Education Foundation was set up with Olin W. Davis as executive director and a board of directors of 15 members representing labor, management, and agriculture. Charles C. Webber, and Dallas Sells, president of the Indiana AFL-CIO, are members of the board of directors as representatives of labor.

Since 1959, two workshops have been held in Indiana, Kentucky, Washington State, and Pennsylvania; and one each in

1961 in Massachusetts, Kansas, and Michigan.

State AFL-CIO labor officials are urged to cooperate with the state clergy economic education workshop committees, and aid the National Board of the Clergy Economic Education Foundation in setting up three new State Clergy Economic Education Workshops during the year 1962.

Opposition to "Right-To-Work" Laws

The General Board of the National Council of the Churches of Christ in the U.S.A. on December 3, 1959, declared that "union membership as a basis of continuing employment should be

neither required nor forbidden by law: the decision should be left to agreement by management and labor through the processes of collective bargaining."

Organizing Agriculture Migratory Workers

The General Assembly of the National Council of the Churches of Christ in the U. S. A. on December 9, 1960, adopted a resolution that "urged the continuation of current efforts at responsible and democratic labor organization among agricultural migratory workers." On June 12, 1961, a group of Protestant, Catholic and Jewish leaders submitted a joint statement to the U. S. Senate Agricultural Committee favoring the adoption by Congress of legislation giving farm workers the right to organize and bargain collectively.

The Religious Issue in the 1960 Presidential Campaign

One hundred American churchmen, Protestant, Catholic and Jewish on September 12, 1960, issued a statement opposing "all attempts to make religious affiliation the basis of the voter's choice of candidates for public office."

Medical Care for the Aged

The General Board of the National Council of the Churches of Christ in the U. S. A. on February 25, 1960, urged medical care for the elderly and on February 22, 1961, supported medical care for the aged under social security.

Labor Day and Labor Sunday Messages

The Labor Sunday Message of the National Council of the Churches of Christ in the U. S. A. and the Labor Day statements of the Social Action Department of the National Catholic Welfare Conference and of the Synagogue Council of America were all concerned about the intolerable effects of long continued unemployment upon persons able and willing to work.

Pope John XXIII's Social Encyclical

President Meany in an editorial in the July 29, 1961, issue of the AFL-CIO News declared that the encyclical was a "Guide for a World in Torment" and that labor "hails its eloquent plea for social justice and its insistence that the workers should be paid a wage which allows them to live a truly human life."



Almost a century ago, on January 1, 1863, President Lincoln issued the Emancipation Proclamation, declaring the slaves free. But nearly a hunded years after the ending of slavery in their land. Americans were still engaged in a determined and insistent drive to stamp out the remaining incidents and badges of slavery. The logic of our history shows conclusively that the unfair practices of racial exclusion, segregation and discrimination enforced by state law and local custom, are, in fact the badges of human slavery which was once permitted and accepted in our midst.

In the past two years, organized labor has been a major force in the forefront of a nationwide drive to eliminate these unfair and immoral practices of racial discrimination. Labor geared its organizational machinery to the task of rooting out all discrimination based on race, creed, color and national origin—in its own ranks, in employment, in schools, in housing, in public

accommodations, in transportation and at the polls.

Through compliance procedures, area and regional conferences, and through expanding civil rights machinery among AFL-CIO affiliates, labor has stepped up the pace of civil rights drive in

its own ranks.

Through meetings, conferences, publications, films, as well as through radio and television programs, organized labor was engaged in the nation-wide task of mobilizing public opinion and concerted community action in behalf of equal opportunity for all Americans.

The urgency of this task was dramatized by the speed of events in Asia and Africa, where people after people were winning the fight for freedom, independence and national selfdetermination, and new nation after new nation was rapidly springing up.

School Desegregation

The insistent urgency of this task was underlined also by the slow pace at which progress in civil rights was being made at home. Seven years after the Supreme Court's historic decision that our schools should be desegregated "with all deliberate speed," only 810 out of 2,813 bi-racial school districts in southern and border states have had any measure of desegregation.

Three states still had complete segregation at all levels of their public education system. Some of the other states have expected

only the barest minimum token compliance.

It is nevertheless encouraging to note that in the major cities of Atlanta, New Orleans and Dallas, public schools have begun desegregation this year with practically no public incidents and that six more colleges in the South have admitted Negroes for the first time.

It is also encouraging to note that of the 29 school districts where new desegregation policies took effect—only 8 were acting under court order. The 21 others changed their segregation

policies voluntarily.

In September 1961, the opening of the new school year was highlighted by calm and peaceful desegregation of schools in Atlanta, Georgia and in Dallas and Galveston, Texas. In Houston, Texas, the schools began their second year of integration and there was no trouble. In New Orleans, Louisiana, where a vear before integration of schools was accompanied by unbridled demonstrations subjecting children to insults and ugly displays of race hate, the integrated schools opened in the Fall of 1961 without incident.

Yet, these notable examples of progress stood out against the prevailing pattern of non-compliance with the Supreme Court's ruling in most of the southern states. And even in Chicago more than 100 Negro pupils were denied admission to 11 schools with predominantly white enrollment and resorted

to court action in an effort to gain acceptance.

Desegregation of Bus Facilities

Progress was also slow in desegregation of facilities in interstate bus travel in southern states, even though the Supreme Court had already ruled that segregated facilities were illegal. Bus terminals are still segregated in several states, such as, Alabama, Mississippi, and Louisiana, Attempts by "Freedom Riders" to dramatize the problem and enlist public support for desegregation of these facilities have led to litigation which the courts are called upon to judge the validity of state laws and local ordnances in conflict with the federal law.

On September 22, 1961, pursuant to a petition filed in May by Attorney General Robert Kennedy, the Interstate Commerce Commission issued rules forbidding race discrimination on interstate buses and in the terminals at which they stop. Under the ICC rules, effective November 1, bus companies are forbidden to use the facilities of any terminal that segregates its waiting

room, restroom, eating, drinking or ticket sales facilities.

The order was received in the South with calmness, but set off a new spate of litigation by those intent on resisting integration to the end.

Housing

1961 was a record year for the enactment of legislation affecting discrimination in housing. Seventeen new laws were put on the statute books in 10 states and 3 cities. There are now 12 state and local jurisdictions which have anti-bias laws covering private as well as publicly assisted housing. There are in addition over 35 cities which make discrimination in publicly assisted or urban renewal housing illegal.

There is also under serious consideration by President Kennedy the issuance of an executive order banning discrimination

in all federal and federally-assisted housing programs.

Despite these new legislative advances, housing still remains as much a restricted and segregated area as any in the whole civil rights field.

Voting Rights

In the campaign to eliminate all instances of denial of voting rights to Negro citizens, likewise much still remained to be done. In the South, only about 25 percent of Negroes are registered. In many counties in the South, Negroes have not sought to register and vote because of intimidation, private as well

as official.

According to the report issued by the U. S. Civil Rights Commission in September 1961, Negroes in some 100 counties in Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee were denied voting rights by discriminatory practices, by threats and by intimidation. The commission reported that "some states have given encouragement to discriminatory denials of the right to vote. The legislature of Louisiana, for instance, has fostered discrimination against Negro voters by the enactment of restrictive voter qualification laws and by the activities of its Joint Legislative Committee working in cooperation with the Association of Citizens' Councils of Louisiana."

"Mississippi," the report went on, "has amended its voter qualification laws in such fashion as to permit, if not encourage, discrimination against the would-be Negro voter. The Alabama legislature has tried unsuccessfully to eliminate Negro voters

from the City of Tuskegee."

Organized labor has insisted and will continue to insist on vigorous federal action to assure that there be full exercise of the franchise by all American citizens, without intimidation, restraint and coercion. It is against this background of civil rights struggle against deep-seated obstacles and delaying action in the community at large, that we must consider the gains in labor's own civil rights program achieved in the last two years.

In this period, the achievement and maintenance of full civil rights for all has been a major goal of the trade union movement not only in the country as a whole, but, and more especially, in labor's own ranks.

Growth in Union Programs

The responsibility for assisting the Executive Council in carrying out the AFL-CIO civil rights policy and program has been maintained by the Civil Rights Committee, with the help of its Subcommittee on Compliance. In order to strengthen the civil rights compliance machinery, provision has been made for President Meany to appoint an ad hoc subcommittee of the Executive Council itself to bring to final solution any case certified to the Executive Council by the Civil Rights Committee in which full compliance with the civil rights policy by an affiliate has not been obtained.

In addition, every effort has been made to reinforce the civil rights program of the AFL-CIO by having our affiliated national and international Unions establish civil rights or fair employment practice committees of their own with machinery necessary for effective administration of a meaningful civil rights program within their own ranks.

At the time of our 1959 Convention, there were 14 national and international unions which had civil rights committees of their own, while several others were administering their civil rights programs through their international officers and staff. Pursuant to the 1959 AFL-CIO Convention action, President Meany called on all affiliates to develop or strengthen their own active civil rights programs. By June, 1961, 24 national and international affiliates reported that they had established civil rights committees or administrative machinery of their own. In addition, 14 international unions reported that they were administering their civil rights programs through their International officers and staff.

Thus, in mid-1961, there was a total of 38 international unions of AFL-CIO with active civil rights programs, directed from their headquarters, to help extend the effective application of the AFL-CIO policy within their own ranks and to help eliminate discrimination in employment by management under collective bargaining agreements with these unions. By 1961, AFL-CIO state central bodies in 20 states had set up their own civil rights committees and held civil rights conferences. Local central bodies in many cities and counties had also established civil

rights committees and developed community-wide civil rights

programs.

The AFL-CIO Southern Advisory Committee on Civil Rights, made up of executive officers of our state bodies in 13 southern states has continued to help us develop a practical program of furthering civil rights in the South. Since its first meeting convened in July 1959, the committee has held meetings in January 1960, and in January and September 1961, in Louisville, Ky.

In 1960 President Meany also appointed an AFL-CIO Midwestern Advisory Committee on Civil Rights, composed of representatives of state AFL-CIO Central Bodies in six Midwestern states and of their civil rights committees. In connection with its meeting in Chicago in May 1960, this committee also organized a special observance of the sixth anniversary of the historic

Supreme Court decision on school desegregation.

In the past two years, an increasing number of civil rights conferences were convened by the AFL-CIO state and city central bodies and by national and international Unions. At many of these members of the AFL-CIO Executive Council and of the Department of Civil Rights took active part in the program. Of such conferences convened by many of our city central bodies, especially noteworthy were those arranged by the labor movement in Boston, Chicago, Omaha, Minneapolis-St. Paul, Canton, Ohio, New York City, Philadelphia, Pittsburgh, and Washington, D. C.

An important key to progress in the field of human relations is the ability to win over those intent on discrimination to the principles underlying labor's basic philosophy and labor's dedication to the principle of human brotherhood and its advocacy of equal justice and equal opportunity for all. Programs of activities designed to win recruits for labor's civil rights drive, to overcome opposition and obstruction to it and to enlist activists in the fight for fair practices, are vital to the success of our organized civil rights effort.

Trade union education programs play a strategic part in

labor's civil rights mobilization.

An increasing number of international unions, as well as of state and local central bodies and regional groupings of unions have given civil rights and fair practices special emphasis of their summer schools and in their educational workshops, institutes and leadership-training programs the year around. In 1961, for example, the International Association of Machinists had a representative of the AFL-CIO Department of Civil Rights to conduct such programs at four of its summer schools. Similar help was provided in schools and institutes conducted by UAW, Steelworkers, IUE and Rubber Workers. The AFL-CIO Department of Education organized special seminars on civil rights problems at its national conference of union education directors, at its Southern Labor School and at varous institutes.

In November 1960, the Department of Civil Rights convened in Cincinnati, Ohio, a conference of civil rights staff representatives of the AFL-CIO international unions, in order to reinforce coordination of effort in this field among our affiliates.

Examples of Progress

The Brotherhood of Railway Trainmen, pursuant to its commitment made at the 1959 AFL-CIO Convention, removed the color bar from its constitution by a decisive vote of its convention held in January 1960. The only remaining union with such a bar, the Brotherhood of Locomotive Firemen and Enginemen, which made a similar commitment, is to hold its next convention in July 1962.

In the operation of the compliance procedure set up under the AFL-CIO civil rights program, it should be noted that in about 9 out of every 10 complaints received involving our affiliates, the national and international unions concerned responded to the referral of complaints to them by the AFL-CIO by taking firm and determined steps to effectuate full compliance with

AFL-CIO's non-discrimination policy.

Of the many cases processed through the AFL-CIO's compliance procedure, we cite here a few examples of the progress made in this work in the past two years by the AFL-CIO, with

cooperation of its affiliates.

In May 1960, Local 16 of the Distillery, Rectifying and Wine Workers International Union in Louisville, Ky., was charged with acquiescing to a discriminatory dual seniority list maintained by the management of the Julius Kessler Distillery Co., Inc. At the request of the AFL-CIO Department of Civil Rights, President Mort Brandenberg intervened personally in this local situation. As the result, a new non-discriminatory seniority rule was successfully negotiated and incorporated in a supplementary agreement between the local union and the company.

The laws of various national and international unions affiliated with the AFL-CIO differ widely in the degree of control by the international officers over the affairs of their local unions. In some unions, local union policies are determined entirely by the local union membership expressing its will by majority vote of members in attendance at membership meetings or voting in a

local union membership referendum.

In the case involving Local 734 of the International Association of Fire Fighters in Baltimore, Md., neither the international officers, nor even the local union officers were empowered by their laws to take action on adherence by the local to non-discriminatory membership policy, without submitting it to the vote of local members. Since members are on duty in shifts, around the clock, the question must be put to at least two meetings, in order to afford to all members an opportunity to vote on it.

In view of this, in an effort to achieve a solution to non-acceptance of Negro firemen into the membership of the local union, the director of the AFL-CIO Department of Civil Rights, assisted by the AFL-CIO regional director in Baltimore, and an officer of the AFL-CIO central labor union in Baltimore, attended and addressed on this issue two successive meetings of Local 734 in June 1960. The local voted to accept all firemen in the Baltimore Fire Department, regardless of race, but subject to a previously established rule that, to obtain union membership, non-union members in the department would have to pay back dues for the length of their service in the department.

At the meetings in June 1960, the membership agreed to a recommendation of the local union officers to limit such payment of back dues and initiation fees to a maximum totalling \$25. Following this, a few rookie Negro firemen, not subject to the penalty payment rule, were voted into the local union in the summer of 1960. The AFL-CIO Civil Rights Committee, however, looked upon this as merely "token" integration which did not constitute full compliance. The committee directed that further effort be made to waive the penalty, since the Negro firemen's non-membership in the union was not due to their failure to join but to the union's failure to enlist their membership.

In the summer of 1961, in response to this stand taken by the AFL-CIO and reinforced by a personal communication from President Meany, Local 734 voted a temporary suspension of its by-laws requiring back pay to permit all members of the Fire Department not belonging to the union to enroll in its membership. As a result, over three-quarters of Negro firemen in the Baltimore Fire Department became members of Local 734.

In the case involving Local No. 36 of the International Association of Fire Fighters in Washington, D. C., four Negro fire fighters submitted a complaint to the AFL-CIO on November 12, 1960, stating that their applications for membership in the union had been rejected solely on account of their race. On January 10, 1961, the director of the AFL-CIO Department of Civil Rights addressed a meeting of the board of directors of Local No. 36, urging them to provide leadership in getting the acceptance of the Negro firemen in the local union. Following this and a series of other meetings, the local union membership voted, on the recommendation of its board, to welcome into the union seven Negro fire fighters employed in the Washington, D. C. Fire Department.

These are just a few examples to illustrate the type of determined, day-to-day effort carried on by the AFL-CIO to obtain full and lasting compliance with its civil rights policy in specific situations that are brought to its attention. There is no need to itemize all of these cases.

Help from civil rights committees of state and local AFL-CIO central bodies and of affiliated national and international unions,

has been invaluable in its work. Close and fruitful cooperation has also been maintained with state and local fair employment practices agencies and human rights commissions advancing their own civil rights programs.

Of notable value has also been the help and cooperation given to our efforts by the National Urban League and the Jewish

Labor Committee.

In the past two years, organized labor has gained in stature as a foremost champion of civil rights in the American community. Its efforts have ranged over every field of life in order to

eliminate discrimination across the board.

A major contribution has been made by the AFL-CIO and its affiliates toward the drive against discrimination in housing, an area especially vital because other forms of discrimination are closely linked to it. Its efforts to speed up progress toward complete non-discrimination in voting, in schools and in public accommodations have also been rewarding.

Labor's concern in the effective exercise of basic rights has extended to both the principle and the practice. Thus, in making sure that the full rights of citizenship were made available to all, labor has made every effort to enlist active participation in

citizenship through its "register and vote" campaigns.

Aid for Discrimination Victims

More than that, when confronted with the practice of repression, economic boycott and intimidation, to prevent Negro citizens from voting, labor took the lead in counter-measures designed to help the victims of such persecution, to safeguard their right to vote and to restore their faith in our democracy.

Thus, in Fayette and Haywood Counties of Western Tennessee, many families of Negro sharecroppers were subjected in 1960 to a vicious economic boycott because they registered to

vote.

The AFL-CIO Executive Council, in January 1961, voted \$2,000 to help these sharecroppers and their families and enlisted the help of affiliates to supply them with food, clothing and fi-

nancial aid.

This program provided subsistence money through the growing season of 1961 to 53 Negro families, representing more than 400 individuals. Amounts varying from \$30 to \$100 a month, according to the size of the family, were made available to them under a well-organized program administered by Secretary Matthew Lynch of the Tennessee State AFL-CIO Labor Council.

Each check was accompanied with this statement:

"This check was made possible by the contributions of the AFL-CIO and those of local and international unions and their members affiliated with the American Federation of Labor and Congress of Industrial Organizations.

"They all hope that this contribution will help guarantee the

freedom to register and vote without discrimination and reprisal."

In its drive to extend and make enforceable state and local fair employment practice laws, it has made substantial gains. And this has laid a stronger base for labor's continuing push for a federal fair employment practice law.

A landmark in the advance toward this goal, was the issuance by President Kennedy, on March 6, 1961, of the Executive Order 10925, establishing the President's Committee on Equal Employ-

ment Opportunity.

The committee, established under the chairmanship of Vice President Lyndon Johnson, gave effective application to the federal government's policy of non-discrimination in its own establishment and with respect to employment on government contracts.

More far-reaching than that of its predecessor committees, the program of the new committee was extended to reach dis-

crimination by unions as well as employers.

With Jerry R. Holleman, former president of Texas State AFL-CIO, serving as executive vice chairman of the committee and President Meany, as one of its members, the new committee

had full labor participation.

President Meany was early appointed as chairman of the new committee's Subcommittee on Apprenticeship and Training, focussing special attention of the committee on the elimination of discrimination in this vital field. A major first step, marking important progress was the agreement reached by the Bricklayers, Masons and Plasterers International Union and the International Brotherhood of Electrical Workers, with the contractors' associations in their respective trades to embody a non-discrimination clause in the national apprenticeship standards applicable to each trade. These non-discrimination clauses were embodied in the agreement and became a part of the national standards in September, 1961.

Civil Rights Legislation

A determined effort to enact meaningful civil rights legislation was waged during the second session of the 86th Congress. In August 1959 the House Judiciary Committee had reported a watered-down bill imposing federal penalties for obstruction of court orders in desegregation cases, for failure to preserve voting records for at least two years and for crossing state lines to avoid prosecution in cases involving bombing of schools, churches, synagogues, etc. The bill also authorized federal authorities to provide educational facilities for children of military personnel where schools were closed, as had happened in Norfolk, Virginia, to avoid desegregation. House action on this measure in 1959, however, had been blocked by the House Rules Committee.

At the beginning of the second session of the 86th Congress in January 1960 congressional proponents of civil rights legislation forced the House Rules Committee to grant a rule for consideration of the bill when they succeeded in obtaining 209 of the needed 219 signatures on a discharge petition which would have brought the measure to the House floor without Rules Committee action. During House debate on the bill a number of weakening amendments were proposed by Southern Democrats and conservative Republicans. The House, however, accepted by a vote of 295 (172 Democrats and 123 Republicans) to 124 (100 Democrats and 24 Republicans) an amendment offered by Rep. Celler (D-N. Y.), chairman, and William M. McCulloch (R-Ohio), the ranking Republican of the House Judiciary Committee, to strengthen voting guarantees for Negroes. The House passed the bill, 311-109, on March 24, 1960.

Meanwhile, Senate debate on civil rights legislation, in the form of amendments to a minor bill, began on February 19, 1960 and continued until April 8, 1960. Southern senators led a determined filibuster, forcing the Senate to meet in continuous day and night session, during much of this period. On March 10, 1961, Senators Paul H. Douglas (D-III.) and Jacob K. Javits (R-N.Y.) moved to limit debate by invoking cloture, but failed to obtain a majority, let alone the required two-thirds vote to close debate.

The Senate then began voting on amendments. Sen. Francis Case (R-S.D.) offered the so-called "Part III" amendment enpowering the attorney general to seek federal court injunctions to protect any civil right. The amendment was, however, tabled by a vote of 55 (34 Democrats and 21 Republicans) to 38 (28 Democrats and 10 Republicans). Also tabled by a vote of 51 (27 Democrats and 24 Republicans) to 43 (35 Democrats and Republicans), was an amendment proposed by Sen. Joseph S. Clark (D-Pa.) and Javits providing for court appointed referees or presidentially appointed enrollment officers to register Negroes after a federal court found a pattern on practice of discrimination.

The defeat of the Clark-Javits amendment came on the same day that the House passed its civil rights bill. When the House bill came over to the Senate, the Senate put aside the minor bill it had been considering and referred the House bill to the Senate Judiciary Committee, with instructions to report it back to the Senate within five days. The committee, after holding a two-day hearing, reported the bill back as instructed. The committee rejected a number of strengthening amendments similar to those that had been considered by the Senate during its earlier debate on the subject, but made limited changes in some of the bill's provisions.

The Senate voted to take up the House-passed bill as reported by the Judiciary Committee, and on April 8, 1960, passed the bill, after making technical changes in the voting referee provisions, by a vote of 70-19. The House accepted the Senate amendments by a vote of 288-95 and sent the bill to the President (P.L. 86-449).

The 1960 Act

As passed by the Congress, the 1960 Civil Rights Act contained only moderate improvements in federal civil rights legislation. While these improvements were desirable, really meaningful provisions were successfully resisted by the Republican-Dixiecrat coalition. As passed by the Congress, the act provided:

Criminal penalties for obstruction of federal court orders. Criminal penalties for crossing state lines to avoid prosecu-

tion for bombings.

Criminal penalties for failure to preserve voting records for 22 months.

Federal authority to educate children of military personnel whose schools are closed to avoid desegregation.

Authority for federal courts to appoint voting referees to

guarantee voting rights without discrimination.

Late in the 1960 session, following the national conventions of the Democratic and Republican Parties, Senate Republicans sought to raise the civil rights issue again. This purely political maneuver, however, which was also designed to set off a filibuster and thereby defeat other pending liberal legislation, was tabled, on a motion by Sen. Clark (D-Pa.) by a vote of 54 (52 Democrats and 2 Republicans) to 28 (4 Democrats and 24 Republicans).

The 1961 Record

The opening of the new Congress in January 1961 brought a renewal of efforts by advocates of strong civil rights legislation to change Rule XXII, the Senate's so-called "filibuster rule." Sen. Clinton P. Anderson (D-N. Mex.) offered a resolution amending Rule XXII to enable three-fifths, instead of two-thirds, of senators voting to cut off debate on any matter after a reasonable time. After a week's debate, Sen. Mike Mansfield (D-Mont.), the Senate majority leader, moved to refer the Anderson resolution to the Senate Committee on Rules and Administration with a promise that the Senate would have an opportunity to debate rules changes later in the session. Sen. Mansfield's motion was adopted by a vote of 50 (32 Democrats and 18 Republicans) to 46 (31 Democrats and 15 Republicans).

Deferral of debate and a vote on the Anderson resolution at the beginning of the 1961 session was a defeat for the advocates of strong civil rights legislation. Late in the session, Sen. Mansfield did report the resolution from his committee, though without recommendation, and a few days before adjournment of the session brought the matter before the Senate for debate. At the same time he filed a so-called "cloture motion," signed by 21 senators, including himself and Sen. Everett M. Dirksen (R-Ill.), the Senate minority leader, to close debate on his motion to take up the Anderson resolution.

Not only did the cloture motion fail to obtain a favorable twothirds vote, it even failed to get a favorable majority vote. The

Anderson resolution was tabled.

Legislation to extend the Civil Rights Commission for two years was tacked onto an appropriation bill by the Senate. When the House also passed this legislation (P.L. 87-264), the continued existence of the commission for another two years was assured. Other attempts to strengthen existing civil rights legislation, however, were rejected by the Senate.

Thus, the obligation to pass strong and meaningful civil rights

legislation remains a challenge for the Congress.



During 1960 and 1961, we were able to thwart the National Right to Work Committee in its efforts to pass new so-called "right-to-work" laws or enabling legislation for existing constitutional amendments in 16 states.

The Executive Council pledges to continue its active support

of AFL-CIO state bodies where the threat arises.

The subcommittee of the council dealing with the matter is chaired by Vice President Joseph A. Beirne and includes Vice

Presidents Albert J. Hayes and James A. Suffridge.

The staff committee appointed by President Meany consists of Andrew J. Biemiller, director of legislation, Albert Zack, director of public relations, Saul Miller, director of publications, James McDevitt, director of the Committe on Political Education and Stanton Smith, coordinator of state and local central bodies.

Carl McPeak continues the assignment given him by President Meany to coordinate the work of the national headquarters with

the state and city central bodies involved.

We have cooperated closely with the National Council for Industrial Peace, which has formed citizens' committees in practically all the states where we have been faced with this legislation. These committees bring together people from all walks of life—businessmen, industrialists, civic leaders, political figures, church leaders and minority groups.

During the past two years a wide assortment of leaflets on this issue has been published and distributed by various groups including the AFL-CIO and the National Council for Industrial

Peace.

The displays used in 1958 have been refinished and are being used again at state and county fairs. The exhibits are attractive and draw attention, enabling our people to pass out thousands of pieces of literature.

1960

The AFL-CIO activities in 1960 were confined to the states of Utah, Indiana, Kansas, Vermont, Delaware, New Mexico and

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Mississippi. Our activity was designed to counteract the efforts of "right-to-work" state committees to purge legislators who

had opposed so-called "right-to-work" laws.

Labor was successful in preventing the enactment of new legislation in any state in 1960. However, in Mississippi, through fast maneuvering by the legislature and a special election, the state incorporated "right-to-work" in its constitution. The legislature passed a "right-to-work" law in 1954.

The campaign against this constitutional amendment was hopeless, but the result was better than expected. The fight developed a more active and militant labor movement, strength-

ening the state organization.

1961

In 1961 there was activity, initiated by the proponents of

"right-to-work," in 16 states as follows:

In Connecticut, Maine, New Hampshire, New Mexico, Oklahoma, Texas, Vermont and Idaho either a proposed law or a proposal for a constitutional referendum was introduced. Texas has had a law since 1947; this time a constitutional amendment was proposed. All of these efforts failed. (Idaho and Connecticut are referred to in a later section of this report.)

In Florida and Kansas union regulatory proposals were introduced as enabling legislation for existing constitutional amendments. In both states these proposals would have dealt with strikes, boycotts, strike votes, union elections, and were more drastic in general than Landrum-Griffin. Both were defeated.

In Delaware, Montana, and Wyoming proposed legislation was

drafted but bills were not introduced.

A new strategy developed by the reactionary management groups of using a "backdoor" approach in devious attempts to sneak the anti-collective bargaining law onto the statute books in the various states under the guise of other legislation. This strategy is dealt with in an article in the AFL-CIO American Federationist of August 1961. A reprint of this article has been sent to all state and local central bodies alerting them to the danger and the necessity for vigilance.

The "backdoor" approach was used in Connecticut, Vermont,

Oregon, Idaho and California.

The identical wording of the "backdoor" amendments had a striking similarity to the wording of the original so-called "right-to-work" laws that have cropped up in many state legislatures and in referendum proposals at the polls during the past 16 years under sponsorship and heavy financial support of the National Association of Manufacturers, the U. S. Chamber of Commerce, the Associated Manufacturers, Small Business Association, and the National Right-to-Work Committee.

In Connecticut, a progressive industrial state whose legislature has repeatedly rejected "right-to-work" proposals, the attack

was renewed. Here, the anti-labor groups prevailed upon a Republican and extreme conservative who has been an employe of the Hartford County Manufacturers' Association, to introduce two obscurely worded "backdoor" amendments to existing legislation as well as a straight-forward, undisguised "right-to-work" bill. Still another amendment was introduced in the Senate by a Republican senator who did not appear in support of his measure at the legislative hearing on the proposal. The strategy seemed to be to divert labor's attention with the outright "right-to-work" proposal in the apparent hope one of the other legislative sleight-of-hand proposals could be slipped through unnoticed.

One bill proposed amendment of Connecticut's Fair Employment Practices Act. Another sought to pervert an existing law that protects labor's right to organize by outlawing the notorious "yellow-dog" contract into a "right-to-work" measure by the use of carefully cloaked phraseology. Another sought to nullify the state labor law with an obscure 15-word amendment.

Management's interest was more than evident at the legislative hearing on these bills. All but one of the witnesses testifying in favor of the compulsory open shop bills identified themselves as paid executives of organized manufacturers' associations and chambers of commerce. After a full exposure of the intent of these measures before the committee, all four bills were killed.

In Vermont, the "backdoor" tactics of the "right-to-workers" drew a public denunciation from the Republican governor. His administration has consistently opposed any legislation that would deny management and labor the right granted by federal law to agree at the collective bargaining table on union shop provisions in labor-management contracts. The Vermont legislature had rejected a "right-to-work" bill in 1959 by an overwhelming bipartisan vote.

"I'm opposed to right-to-work legislation," the governor told a special news conference. "And efforts to introduce it in this manner would not be a proper way to consider legislation of this scope."

The attempt was made to amend the pending FEP Bill, but was overwhelmingly defeated.

In Oregon in a nine-word phrase, obscurely wrapped in a purported civil rights amendment, was a carefully disguised "right-to-work" law.

The amendment would prohibit any employer from refusing to hire or from discriminating against any person because of race, religion, color or "membership or non-membership in any organization of any kind." The proposed addition to Oregon's Fair Employment Practices Act was contained in the nine quoted words.

Here was a "right-to-work" boobytrap which, if undetected and enacted into law, would outlaw the right of labor and management to enter into union shop security agreements and largely nullify the collective bargaining process.

Commenting on this "backdoor" attack on the right of working people to organize for their own welfare and to have an equal voice with management at the collective bargaining table, the

Oregon Labor Press stated later:

"It would do in Oregon what all the financial and other resources of backward-looking employer groups have not been able to do in more than a half dozen states where 'right-to-work'

measures have been on the general ballot."

In Idaho, a great potato growing state, this year the attack in the legislature was aimed at seeking to gain the support of potato farmers for an agricultural "right-to-work" bill. The proposal would not only have outlawed membership in a labor union as a condition of employment of farm workers but would have extended this restriction to all workers in any job of "handling, planting, drying, packing, packaging, processing, freezing, dehydrating, canning, grading, storing, or delivering to storage or market or to a carrier for transportation to market, any agricultural or horticultural commodity, including fruits and vegetables."

An analysis of the proposal showed that in Idaho this measure

would have covered the majority of working people.

In California, the "right-to-workers" did not bother tampering with a civil rights bill as in Oregon and Vermont. Instead they brazenly tried to sneak a "right-to-work" measure into the basic California labor code that defines state policy supporting the right of workers to organize for the purpose of collective bargaining.

The proposed amendment was an obscure seven-word phrase that, if enacted, would have completely reversed the intent and meaning of stated public policy in California on collective bar-

gaining.

In Nebraska a legislative amendment to the "right-to-work" law was passed in the 1961 session prohibiting the agency shop.

There was action in two states, Indiana and Utah, in an attempt to repeal. In both of these states significant gains were made in the 1960 elections, but they were not sufficient to enable a successful move for repeal. In Indiana, the "right-to-work" forces were defeated in an attempt to outlaw the agency shop.

It is fairly certain that labor will be faced with a campaign in Oklahoma to defeat a petition for a referendum on "right-towork" and possibly to defeat a proposed constitutional amendment in an election if the petition drive is successful.

The "right-to-work" forces have been very active in Oklahoma in attempting to get the referendum proposal through the legislature. It was defeated in the legislature in 1961 after a stiff battle that ran the duration of the session.

All of the ultra-conservative, radical right groups such as the John Birch Society, Society for Survival, We, the People! etc.,

have strong organizations in the state.

As a result of the pressure exerted by those organizations, the effort to defeat "right-to-work" either as an initiative petition in 1962 or as a straight legislative proposal in 1963 will involve an all-out effort. There is a possibility that petitions to place the issue on the ballot in the 1962 general election may be officially circulated as early as November 1. Oklahoma law requires 136,000 names to place the issue on the ballot.

The situation in Idaho at the present time also poses a threat. In 1958 a referendum was defeated by a very small margin. This year the measure was defeated in the legislature by a small margin. Since this defeat the U. S. Chamber of Commerce claims to have queried President McKay of the Church of Jesus Christ of Latter-Day Saints (Mormon Church) for his views on "compulsory unionism." The U. S. Chamber has released a letter dated June 23, 1961, from Joseph Anderson, secretary of the first presidency, who says:

"I am directed by President David O. McKay, president of the Church of Jesus Christ of Latter-Day Saints, to advise you that we stand for the Constitution of the United States and for all rights thereby to both sovereign states of the union and to

the individual citizen.

"We believe it is fundamental that the right to voluntary unionism should once again be reestablished in this nation and that state right to work laws should be maintained inviolate."

It appears certain that the proponents of "right-to-work" will launch a campaign again in New Mexico. The New Mexico Business and Manufacturers Association announced that it would

support any effort to pass "right-to-work" measures.

There are also indications of continuing activity in Maine, Delaware, Vermont, Oregon, Wyoming, Montana and possibly other states.



Labor and the Law

Administration and Interpretation of the Landrum-Griffin Act

The Landrum-Griffin Act has now been in effect for two years and the Labor Department and National Labor Relations Board have made a start on its administration and interpretation. However, on questions of statutory interpretation the final answers rest with the courts, and will be given in individual cases over a period of years.

"Bill of Rights"

While a number of court actions have been instituted purportedly under the so-called "bill of rights" (found in Title I of the act), no clear or significant pattern of interpretation has emerged, perhaps because so many of these suits have been of the crackpot variety. The courts have repeatedly had to point out that "Congress did not intend this provision to be a catch-all provision for dissatisfied union members." The frivolous and farfetched character of much of this litigation suggests, as the AFL-CIO urged when the matter was before Congress, that there was no real need for federal legislation on this subject.

Reporting

The reporting requirements of the act, found principally in Title II, are administered by the Department of Labor, which has issued forms and regulations, both now in the process of revision. Union secretary-treasurers and attorneys were consulted during the preparation of these forms and regulations, and in general the burden of red tape has been minimized. Congress refused, however, to include in the law a provision for the exemption of small unions, and the reporting requirements have proved burdensome for small unions, as the AFL-CIO warned

would be the case. The law's reporting requirements for employers remain scarcely more than farcical.

Trusteeships

The provisions on trusteeships (Title III) embody both reporting requirements and substantive regulation. The substantive provisions are enforceable by suits in the federal courts, brought by the Secretary of Labor, a union member, or a local union. The federal district courts are divided as to whether, before a member or local may sue, it must first have filed a complaint with the secretary which the secretary has found meritorious.

Elections

While no one questions the desirability of fair and honest elections, certain Landrum-Griffin requirements are causing large union expenditures which are mainly unrelated to the insuring of fair elections. Among the absurdities written into the statute itself is the requirement that an election notice must be mailed to each union member not less than 15 days before each election. This requirement has cost unions hundreds of thousands of dollars and serves no purpose in the usual situation where elections are held at a regular time specified in the union's constitution. The provisions of the statute relating to the use of union funds in union elections are likewise so confused and self-contradictory as to require amendment.

Other foolish requirements have been incorporated into the statute by Labor Department interpretations. The Labor Department has ruled that the secret ballot, mailed notices, etc., requirements apply even when an election is uncontested. This interpretation, especially when coupled with the department's further ruling that a union need not permit write-in votes, is

both costly and senseless.

Fiduciary Responsibility of Union Officers

The Landrum-Griffin Act (Section 501) declares that the officers and employes of a union hold positions of trust and that it is their duty to hold and expend the union's funds in accordance with its constitution and by-laws and resolutions of its governing body. The legislative history of this provision is quite clear that Congress did not intend to limit the purposes for which union funds may be expended, but only to require that disbursements be properly authorized. A court of appeals has, nevertheless, enjoined a local union from expending money for a purpose the court judged improper.

Bonding

Compliance with the requirements for bonding union officers and employes (Section 502) involves added expense without commensurate added protection. The act calls for a "faithful discharge" type of bond, which, other things being equal, has cost 50 percent more than an honesty bond, without providing appreciably greater security. In an effort to minimize the expenditures the act needlessly requires of unions, the Labor Department has by regulation interpreted the section as permitting position schedule bonds.

Disqualification from Union Office

Section 504 bars from union office or employment any person who has been a member of the Communist Party or who has been convicted of any of certain enumerated crimes. This disbarment is effective for five years unless the Department of Justice lifts the ban earlier. The section further provides that no union shall knowingly permit any person to hold office or employment in violation of this provision. The Department of Labor has construed this last provision as imposing an affirmative duty upon unions to ascertain whether their officials or employes are disqualified, an interpretation which seems legally untenable.

Investigations

The statute (Section 601) gives the secretary broad powers to investigate, i.e., to question witnesses and to inspect books and records, "when he believes it necessary in order to determine whether any person has violated or is about to violate any provision of this act." These provisions have given rise to the question whether the secretary must have "reasonable cause" to believe that a violation of the law has been committed or is contemplated, before he may exercise these powers of investigation. A court of appeals has ruled that the secretary may investigate at will, with or without cause.

The Landrum-Griffin Amendments to Taft-Hartley

The National Labor Relations Act is administered by the National Labor Relations Board, with its orders subject in all cases to review by the courts. Since both board processes and court review are time-consuming, there has been little definitive interpretation as yet of the Landrum-Griffin amendments to Taft-Hartley. There have, however, been a number of significant developments.

Federal and State Jurisdiction

The act requires the federal board to assert jurisdiction over any labor dispute over which it would have taken jurisdiction under its standards prevailing on August 1, 1959. The board may decline jurisdiction over other disputes, and if it does the states may assume jurisdiction. The NLRB has announced it will supply parties to proceedings before state tribunals with an advisory opinion on whether it would assert jurisdiction over a particular dispute, thus displacing the state agency.

Delegation to Regional Directors in Representation Proceedings

Reflecting congressional concern over board election delays, the Landrum-Griffin Act (Section 701(b)) authorized the board to delegate the power to handle representation proceedings to its regional directors, subject to discretionary review by the board. The board did nothing for a year and a half. Finally, after a new chairman and a new board member appointed by President Kennedy had taken office, the board issued regulations instituting the delegation, effective as of May 15, 1961. This delegation should materially speed up elections in representation cases.

Economic Strikers

One of the most grossly inequitable provisions of the Taft-Hartley Act barred economic strikers from voting in labor board elections, while permitting scabs to vote. Landrum-Griffin diminished this inequity by providing that employes engaged in an economic strike shall be eligible to vote under board regulations in any election conducted within 12 months after the commencement of the strike. The board has announced that it will not, for the time being, issue any general regulations under this provision, but will rule on eligibility to vote on a case by case basis.

Secondary Activities

Section 8(b) (4) of the original Taft-Hartley Act prohibited a union's striking, or urging the employes of any employer to strike, where the union had for its purpose any one of several listed objectives. The best known of these forbidden objectives is the so-called "secondary boycott," for example, forcing a neutral or secondary employer to cease dealing with a primary employer. In general, the Landrum-Griffin amendments extend the

prohibitions on union conduct as follows:

1-The inducement of secondary action is prohibited when directed toward any "individual" employed by any person. Apparently this was meant to cover not only employes in the strict sense, but also supervisory personnel in certain instances. But union appeals for support are not outlawed if addressed directly to the employer. The NLRB's general counsel, its trial examiners and the courts are in disagreement over how far up in the hierarchy of management the line is to be drawn. One enlightened view would forbid, apart from appeals to employes, only appeals to lower ranking supervisors or foremen who are asked to act contrary to their employers' interests.

2—A union cannot "threaten, coerce, or restrain" any person for the purpose of promoting secondary or other forbidden objectives. This means that a union may not take coercive action even directly against an employer to achieve a prohibited object.

Publicity other than picketing may be carried on to advise the public that a non-union manufacturer's products are being distributed by another employer. The board has ruled that publicity aimed at a non-union wholesaler, as distinguished from manufacturer, is likewise permissible.

"Hot-Cargo" Contracts

The act makes unlawful and void most "hot-cargo" contracts, that is, agreements by which one employer "ceases or refrains" from handling or using the products of another employer or "ceases" doing business with any other person.

In a frequently used type of "hot-cargo" contract the employer does not agree to cease doing business with any person, but simply agrees not to discipline any employe who refuses to handle non-union or unfair products. Especially in a situation where supervisory personnel are available to handle unfair products, it could well be maintained that an agreement not to discipline employes for refusing to handle them is not even an implied agreement on the part of the employer not to handle. This issue has not yet been definitively resolved by the board and the courts.

The prohibition on hot-cargo contracts does not apply to agreements covering integrated processes in the garment industry. It also does not apply to an agreement between a union and an employer in the construction industry relating to the contracting or subcontracting of work "to be done" at a construction site. Subcontracting clauses in the garment industry may be enforced by strike action. The NLRB's general counsel has taken the position that building trades unions cannot strike to enforce their subcontracting agreements, or to secure such an agreement. Court decisions are in conflict on the point, and the board has not yet ruled.

Organizational and Recognition Picketing

Among the most nefarious provisions of the Landrum-Griffin Act are those restricting organizational and recognition picketing. These provisions add to the National Labor Relations Act a new Section 8(b)(7) which prohibits picketing where "an object" is organizational or recognition, in three types of situations, as follows: (A) where the employer has lawfully recognized another union and an election petition may not properly be filed, for example, because of the board's contract bar rules; (B) where a valid board election has been conducted within the preceding year; or (C) where the picketing has been conducted for more than a "reasonable" time, with 30 days the maximum, without an election petition being filed.

When the provision was under consideration in the Congress repeated assertions were made that it would not preclude picketing to protest an employer's unfair labor practices. The board has, nevertheless, thus far ruled that picketing to protest an

employer's unfair labor practice violates the act.

Another issue which has come before the board is the effect to be given to a proviso to Section 8(b) (7) (C), which states that that subsection is not to be construed to prohibit picketing for the purpose of advising the public that an employer is nonunion, unless an "effect" of the picketing is to cause third parties to refuse to make deliveries. So far the board has held that the proviso protects only purely informational picketing which has no organizational object, immediate or ultimate. This conflicts with an explanation given the Senate by Senator Kennedy.

Supreme Court Litigation

The last two years of litigation in the Supreme Court produced the greatest string of victories for the labor movement in recent history. All told, two dozen major decisions netted a winning percentage of better than .800. Prime responsibility for this remarkable record can be assigned to the Eisenhower labor board. In giving vent to anti-union views, a majority of the appointees of the Eisenhower Administration rode roughshod over elementary principles of evidence and statutory interpretation. It was inevitable that such a board would eventually receive its comeuppance at the hands of a fair-minded court.

The most spectacular single day for the unions was April 17, 1961. In four different cases the Supreme Court overturned the board's Mountain Pacific doctrine on hiring halls, threw out its Brown-Olds mass reimbursement remedy, and rejected its views on so-called "foreman clauses" and "general laws clauses."

Under its Mountain Pacific doctrine, the NLRB held exclusive hiring halls invalid unless the union and the employer expressly included in their agreements three specified guarantees against discrimination. This was true even though all the evidence might demonstrate that no employe had in fact been subjected to unlawful discrimination. The Supreme Court struck down the board's perverse theory in Teamsters Local 357 v. NLRB. The court found nothing in the Taft-Hartley Act forbidding hiring halls, or authorizing the board to fence them in with inflexible requirements.

As its main weapon for forcing compliance with its Mountain Pacific doctrine, the NLRB developed the Brown-Olds remedy. Typically, a Brown-Olds order required the refund of all union dues and fees collected from employes under a union security or hiring hall arrangement which the board determined to be illegal. It made no difference that all the employes on a job may have been old-time union men who had paid dues voluntarily for many years. In Carpenters Local 60 v. NLRB the Supreme Court set aside the Brown-Olds remedy, branding it as punitive rather

than remedial and concluding that it was not supported by evidence of union coercion of payments.

The other two cases in which the board was rebuffed on April 17 involved the Typographical Union. In one case the Supreme Court held that it was not unlawful for a union and an employer to agree that foremen must be union members, so long as there was no discrimination by the foremen in the performance of their supervisory functions. In the second case the court upheld the union's so-called "general laws" clause. This clause incorporated into the union's collective agreement all the general laws of the union "not in conflict with this contract or with federal or state law." At least in situations where applicable law is common knowledge, the quoted language was considered sufficient notice to employes that no attempt would be made to enforce contrary provisions in the union's general laws.

Curtis Brothers Doctrine

Unions posted a major victory in two cases setting aside the board's Curtis Brothers doctrine. The board contended that under the Taft-Hartley Act, and without regard to Landrum-Griffin Amendments, a minority union could not engage in recognition picketing. The high court disagreed in NLRB v. Drivers Local 639 and Rubber Workers v. NLRB. It held that peaceful primary picketing even by a minority union did not restrain or coerce employes, and that in the absence of a certified incumbent union such picketing was not unlawful.

Another NLRB theory fell by the wayside in a case involving the Insurance Agents Union. Contrary to the board, the supreme court held that a union's intermittent work stoppages and other harassing tactics did not indicate it was unlawfully refusing to bargain. The board met further reversals in high court rulings on the breadth of board orders and on the effect of the Labor Relations Act's six-months statute of limitations.

The only outright defeat suffered by a union in a Supreme Court case involving the board during the last two years was Garment Workers v. NLRB. The court went along with the board that it was unlawful for a minority union and an employer to sign a contract containing an exclusive recognition clause. It was immaterial that the union and employer were unaware at the time of the union's lack of majority status, and that the contract contained no union security provisions.

In NLRB v. Broadcast Engineers the Supreme Court upset the board's traditional procedures dealing with jurisdictional strikes. From now on the board must affirmatively decide on the merits which of two competing unions (or possibly competing groups) is entitled to the disputed work. One significant effect of the court's decision is to lessen the importance which the board formerly attached to the employer's own assignment of the work. To this extent the unions defeated the board, which seemed willing to let the employer be his own arbitrator.

A case with both plus and minus elements was IUE Local 761 v. NLRB. The high court ruled that a striking industrial union may picket every part of its primary employer's premises where work is being performed which is related to the employer's normal operations. That would cover deliveries, shipments, and conventional maintenance. But the union may not picket a gate reserved exclusively for independent contractors' employes doing work unrelated to the struck employer's normal operations, such as new construction.

Georgia Railroad Case

One of the most important cases not arising out of a board proceeding was Machinist v. Street. The Supreme Court held that the Railway Labor Act prevents a union from using an employe's dues money collected under a union shop agreement for political purposes where the employe has objected to such use. A majority of the court so interpreted the act in order to avoid the constitutional question of whether a federal statute permitting a union to use union shop dues money for political purposes would violate dissenting members' right of free speech. The Supreme Court, however, set aside the original sweeping remedy of the Georgia courts, which would have enjoined completely the enforcement of the union shop so long as the union continued its political program. The case was remanded to the Georgia courts with instructions to fashion a remedy directly related to that portion of the individual complaining employes' dues which was earmarked by the union for political purposes.

A major triumph for the labor movement was registered in the so-called Steelworkers-Warrior & Gulf trio of cases. In three separate decisions the Supreme Court laid down broad guidelines covering the role of federal courts in enforcing arbitration agreements. The courts are to order arbitration unless there is the most forceful evidence of a purpose to exclude a particular claim from arbitration. And they are to concern themselves only with the scope of the arbitrator's authority and not with the merits of the grievance.

Other rulings favorable to unions dealt with the status of strike benefits as tax-free gifts, the inability of an employer to set off strike damages in a suit against him for welfare-fund payments, and the application of the Norris-LaGuardia Act in various situations.

Steel Strike Decision

One of the most highly publicized cases of the last two years led to a union legal defeat. In November 1959 the Supreme Court upheld the national emergency provisions of the Taft-Hartley Act as they had been invoked to enjoin the nationwide steel

strike. The court concluded that the government had submitted sufficient evidence regarding the effect of the strike on defense projects to sustain a finding that the national safety was imperiled.

The arguments of two other unions were rejected when the

Supreme Court held that:

The New York Waterfront Commission Act is not in conflict with the federal Constitution or with federal legislation in prohibiting the collection of dues on behalf of any union which has a convicted felon as an officer or agent—De Veau v. Braisted.

The government did not act wrongfully in summarily denying a short-order cook in a private concession on naval premises permission to enter the installation on the ground she failed to meet the "security requirements," even though this meant costing her a job, and perhaps her reputation, without any specification of charges or any kind of hearing—Cafeteria Workers Local 473 v. McElrov.



National Legislation

Through the past biennium the AFL-CIO has continued to pursue its broad social objectives through legislative action by the Congress. The AFL-CIO's legislative objectives are not restricted to parochial labor issues, but extend throughout all those fields which affect the lives of America's citizens.

Several major legislative issues have been discussed in other

sections of this report, as noted below.

Agriculture

In 1960 attempts were made to pass a bill dealing with the one commodity in great surplus—wheat. This effort failed. The Senate passed the bill by a vote of 44 to 36, but the legislation failed to clear the House by a 171 to 236 roll-call vote.

Feed Grains

One of the first measures to be signed into law in 1961 was a special program for feed grains (P.L. 87-5). President Kennedy

signed the bill on March 22, 1961.

The aim of the bill was to induce farmers to cut back corn and grain sorghums productions. The bill authorized the Secretary of Agriculture to raise corn price supports and supports for grain sorghums, barley, oats, and rye. To be eligible for price supports of corn, grain sorghums, and soybeans, and on any other feed grains or oilseed crops designated by the secretary, farmers would have to reduce acreage planted to corn and grain sorghums.

Agricultural Act of 1961

President Kennedy signed into law the Agricultural Act of 1961 (P.L. 87-128). The act provided new tools for coping with the surplus wheat and feed grains problem. It also increased authority for the use of regional marketing orders and extended and broadened several existing agricultural programs, including the "food-for-peace" program.

Administration proposals rejected by Congress would have permitted farmer advisory committees to draw up their own commodity support programs and submit them to Congress if approved by the Secretary of Agiculture. Congress could then have vetoed them or let them take effect in 60 days, without amendment. Also rejected was the Administration request for national marketing agreements and orders and the authority to set up production allotments under marketing orders if approved by producers.

Atomic Energy

Labor's peaceful atomic development program calls for:

- 1—Development of abundant nuclear power, competitively priced.
- 2—Expanded uses of radioisotopes in industry, medicine and agriculture.
- 3—Greater protection for the health and safety of workers exposed to radiation.
- 4—Safeguarding peaceful nuclear development from monopolization by big business.
- 5—Strengthened United States leadership to enable sharing the benefits of peaceful nuclear development with other nations.

The Domestic Atomic Development Program

For years labor has urged that the Atomic Energy Commission reverse its program of partnership with the private electric utility companies in order to provide an adequate nuclear power program for the nation. Labor proposes as a necessary first step a large-scale federal nuclear power demonstration program with both short and long-range goals of obtaining low cost nuclear power.

Since 1959 America's nuclear power development program has continued to move at a snail's pace under the same partnership approach.

In 1960, the commission mapped a 10-year reactor program with the aim of achieving competitively priced nuclear power in high-cost fuel areas of the United States by 1970.

The commission's proposal was roundly criticized by labor as remaining in the non-productive partnership framework, as a retreat from earlier commission development goals, and as being highly conjectural. There has, however, been no reversal of this policy under the new commission chairman.

Labor will continue to press for a progressive energy policy keyed to national goals in order that nuclear fuels will achieve their needed place as a new, competitive source of America's future energy supply.

AEC Authorization Legislation

The 86th Congress included in the 1961 Public Works Appropriation bill an additional \$40 million for the civilian power program, added \$5 million to the commission's authority to waive fuel charges on reactors, and authorized design studies on food

irradiation and on a steam-cooled power reactor.

The fiscal 1962 AEC Authorization bill (H.R. 5756) introduced by Rep. Holifield (D-Calif.) contained an item authorizing \$114 million for a linear particle accelerator at Stanford University, and one of \$95 million to construct conventional power facilities to utilize the waste steam at the Hanford, Washington plutonium production reactor.

The latter proposal would have made possible construction of the largest nuclear power reactor in the world, with an installed capacity of 860,000 kilowatts. Power surplus at Hanford's operations was to be marketed by the Bonneville Power Administra-

tion.

The outcome of the Hanford battle was the worst defeat that any piece of federal power legislation has ever sustained. By a 176-140 teller vote, the House in July 1961, deleted the Hanford project from H.R. 5756. A few days later the Senate defeated

a similar amendment by a 36-53 roll call vote.

House Minority Leader Halleck made formal request that the House instruct its own conferees to stand firm on the House version. A preferential motion instructing the House conferees not to agree to the Senate amendment, introduced by Rep. James Van Zandt (R-Penna.), withstood by a 164-235 roll call vote a motion to table. By an identical roll call vote the motion was passed.

The conference report called for authorization of \$58 million to install one instead of two generators at Hanford, with an installed capacity of 400,000 kilowatts, enough to meet only

Hanford's existing power requirements.

After the Senate agreed to the conference report, the House by a lopsided record vote of 251-155, rejected it and adopted a motion reiterating insistence on the House version. The Senate agreed to the House request. The Hanford item and \$5 million for coal research were striken from the final AEC Authorization bill which went to the President and was signed into law.

Regulatory Responsibility

Public Law 86-373 became effective in 1959. The law amends the 1954 Atomic Energy Act, by allowing the various states to submit plans to the commission for assumption of regulatory responsibility over source, byproduct and special nuclear materials owned by the Atomic Energy Commission.

The AFL-CIO in its policy resolution on atomic energy, urged "reorganization of federal responsibility, not its diminution" and states that "the problem of protecting workers and the public

against radiation hazards is a national, not merely a local

problem."

A number of strengthening changes in administration criteria for the benefit of workers were achieved by AFL-CIO representatives in meetings with the commission staff. Chief among these is the requirement of uniform application of the AEC's Part 20 radiation exposure standards among the States submitting plans to the AEC to assume Federal safety regulatory authority.

Two years after passage of this law, only one state, Kentucky, has submitted a regulatory plan to the Commission, which has

only recently announced approval.

President Meany, in a letter earlier this year to all state bodies, set forth the AFL-CIO position on P.L. 86-373 and also outlined the criteria which should help guide labor in the various states in determining whether proposed State radiation legislation provides adequate protection of workers and the general public.

State Radiation Laws

In 1960 Maryland, Massachusetts and Virginia passed laws requiring registration of sources of ionizing radiation. New York State expanded authority of its atomic development office to acquire waste disposal sites and establish training programs in

handling radiation accidents.

Registration of sources of radiation was required or authorized under laws enacted in Florida, Idaho, New Hampshire, Washington and Wisconsin, in 1961. Authority to issue safety regulations was provided in Idaho, New Hampshire and Washington. Laws in Florida, Idaho, Indiana, Tennessee and Washington authorize the governors to enter into agreements with the federal government under P.L. 86-343.

S. 1702, H.R. 7466 and H.R. 7498 would authorize formation of a southern interstate compact to attract atomic industry to the region. The legislation also provides for radiation protection to

workers and the general public.

Radiation

The Atomic Energy Commission in June 1959 promulgated regulations governing exposure of workers to ionizing radiation among licensed users of AEC fissionable materials. After a long delay, which was protested in a letter from President Meany to the former AEC Chairman, the commission placed them into effect as of January 1, 1961.

These are the added protections (achieved largely through efforts of labor) provided by the new commission regulations to

workers exposed to occupational radiation:

1—Maximum permissable dose has been reduced one-third.

2—Maintenance of workers' individual exposure records has been improved.

3—Every licensed user is required as a condition of the license to post a notice to employes. The notice sets forth the conditions of the license and the rights of the worker to have access on request to the plant's safety procedures, to his radiation exposure history during his employment, and on its termination, access to the Commission's exposure regulations, to notice of exposure in excess of established limits, and right to submit complaints and grievances to the Commission through its regional offices.

Safety Regulatory Standards

In June 1960, a special subcommittee of the Joint Atomic Energy Committee conducted hearings on radiation safety standards and criteria. AFL-CIO testimony proposed:

1—Drastic amendments to Public Law 86-373 which would tighten eligibility requirements for states proposing plans to assume regulatory authority over AEC-owned fissionable

material.

2—Enlarging membership of the Federal Radiation Council to include representation from organized labor, and to transform the council from an advisory body to an action agency responsible for establishing nationwide mandatory standards of radiation exposure.

3—Enactment of federal workmen's compensation legislation

in the field of occupational exposure to ionizing radiation.

Hearings were held by the Joint Committee in June of this year dealing with improvements to the commission's regulatory process. Out of these hearings there emerged legislation (H.R. 8708 introduced by Rep. Holifield and S. 2419, introduced by Sen. Pastore (D-R.I.).

The pending legislation largely contains recommendations paralleling those carried in AFL-CIO testimony. Chief provisions

would be:

1—Establishment of an Atomic Safety & Licensing Committee within the AEC, responsible for the entire field of licensing and

equipped with adequate skilled staff.

2—Provision that the Advisory Committee on Reactor Standards would be called upon to review only such licensing proposals as involve new or difficult problems of safety and operation.

3—Mandatory hearings on applications for permit to construct

major facilities.

4—Authority for a new regulatory entity to determine if hearings were necessary when design or operation changes were proposed by a licensee. In some instances, licenses could be issued by the A.S. & L. Committee without hearings unless it found that they were necessary in the public interest.

International Aspects of Peaceful Atomic Development

S. 2391 and H.R. 8599 passed the Congress in August 1961 and

is now law. This legislation includes amendments to the Euratom Act of 1958. The commission's proposed bill (H.R. 7798) would have eliminated a section of the present act preventing monopolistic use of patents. The final bill passed by Congress retains this section with only slight modifications.

International Protection Standards

The 44th session of the International Labor Organization held in June 1960 in Geneva, Switzerland unanimously ratified the formal recommendation made the previous year establishing international standards for protection of workers against ionizing radiation. These safeguards cover the entire field of occupational radiation exposure.

The convention, adopted by the 80 ILO member states (including the United States) was largely made possible by the effective

leadership of the U.S. delegation.

Proposed Labor-Management Advisory Committee to the AEC

For a number of years the AFL-CIO has proposed a statutory labor-management advisory committee to work with the Atomic Energy Commission on matters outside the collective bargaining field which vitally affect working people.

This proposal has been discussed by AFL-CIO representatives and the chairman of the Atomic Energy Commission. Further

discussions will take place in the near future.

President Kennedy named and the Senate confirmed Dr. Glenn T. Seaborg, Nobel Prize winner in chemistry and chancellor of the University of California, as chairman of the Atomic Energy Commission and Leland J. Haworth, director of the commission's Brookhaven National Laboratory as the fifth member of the Atomic Energy Commission.

No change has been observed in the commission's partnership policy on nuclear power development. The commission is at present considering a plan to allow private ownership of special nuclear materials (the fuel of power reactors). Discussions dealing with this proposal have been held between members of the AEC

staff and labor representatives.

The plan under study would require sweeping amendments to the Atomic Energy Act of 1954, place private electric power companies in control of the nuclear power program, raise fundamental regulatory questions, jeopardize fabricators, and result in an increase of between 1 and 2.5 mills in the cost of nuclear power.

Air Pollution

Increasing concern over the pollution of the air we breathe, primarily through exhausts from internal combustion engines, led to the extension of the Air Pollution Control Act (P.L. 86-

365). P.L. 86-493 provided for a study and report by the U.S. surgeon general on the effect of motor vehicle exhaust fumes on human health.

Area Redevelopment

More than six years after organized labor began its campaign to secure federal aid to alleviate the plight of several hundred areas suffering from chronic distress, our efforts have been rewarded with passage of Public Law 87-27. This is the Area Redevelopment Act of 1961.

In 1960, enactment of this measure was frustrated by:

1—A vote in the House Rules Committee to pigeonhole the bill indefinitely.

2—The necessity of using Calendar Wednesday to get the bill

to the House floor.

3-An ultimate veto by President Eisenhower.

Sen. John F. Kennedy made area redevelopment a principal issue in his primary campaign in West Virginia and, subsequently, in his national campaign. Among the first "must" bills upon his assuming the presidency was S.1, sponsored by Sen. Paul H. Douglas (D-Ill.). Despite the customary efforts by the opposition to delay the measure, the bill moved quickly through the Congress and was signed into law in substantially the same form as initially drafted.

During the course of congressional debate, the question arose whether an independent agency, favored by the AFL-CIO, should be created to administer the act or whether it should be administered by an existing agency. It was ultimately decided to place final responsibility for the program in the Department of Com-

merce.

Another hotly debated issue was whether loan funds would be supplied by annual appropriations or by direct Treasury borrowing. Conservatives lost the fight to ban Treasury borrowing

authority.

Labor insisted that the act prohibit aid for enterprises that simply relocate from one area to another. In several portions of the law, including its declaration of purpose, a clear barrier against any aid to runaway operations has now been specifically spelled out. In addition, the act contains the provision that all federally aided construction shall be performed under the terms of the Prevailing Wage Act of 1931 (Davis-Bacon).

The crucial vote on the act in the House came on a motion to adopt the conference report. The report was adopted, 223-193.

The act authorizes the expenditure of nearly \$400 million for: 1—Technical assistance, where needed, to plan realistically for area redevelopment. A total of \$4.5 million was authorized for this purpose.

2—Industrial and commercial loans to attract payroll-generat-

ing activities in distressed areas where unemployment has been persistent. Federal plant loans as high as 65 percent of a project's cost will be allowable. States or local areas will be required to provide at least 10 percent, the remainder coming from other sources. Interest would approximate 4.5 percent and could extend 25 years. A total of \$200 million was authorized for these loans for industrial and rural areas.

3—Public facility loans and grants that would help create long-term job opportunities were authorized to the extent of \$175,000,000. Example: an industrial water facility necessary to create permanent employment. (The act also authorizes fed-

eral aid for the clearance of old industrial sites.)

4—Vocational education for retraining unemployed workers with provision for subsistence payments during retraining. A

total of \$14.5 million is authorized for this purpose.

5—The act provides for labor representation on the National Public Advisory Board on Area Redevelopment, set up to advise the Secretary of Commerce on performance of the program. In addition, labor participation on local area redevelopment com-

mittees is encouraged.

The act was signed into law by President Kennedy on May 1, and William Batt, Jr. was selected as its administrator. Since then, several hunderd industrial and rural areas have been designated as eligible for aid under the act. Most of these areas have established local area development committees and prepared the preliminary overall economic development plans which are a prerequisite to aid under the act. In a number of areas specific aid projects have been advanced and several already have been approved. In addition, the Area Redevelopment Administration has now assembled a professional staff to administer the act, both in Washington and in the field.

The AFL-CIO is working closely with the administrator to assist in implementing the act both through its members on the National Public Advisory Committee and through labor representation on various local area redevelopment committees.

While progress towards alleviating the deep-seated economic distress of many American communities inevitably will be slow, important means to help achieve this progress have been made available by passage of the act, and the labor movement views their effective use to be one of its most important objectives.

Appropriations For Labor and HEW

The effectiveness of the broad economic and social welfare legislation and programs in which the labor movement is interested largely depends on the amount of the appropriations which Congress is willing to provide for their administration and enforcement. The AFL-CIO has consistently supported appropriations of sufficient funds for these programs to make sure that they serve the beneficial purposes for which they are designed.

Congress in 1960 appropriated \$4.3 billion for the operations of the U. S. Department of Labor, U. S. Department of Health, Education and Welfare, National Labor Relations Board, and related agencies. This was \$288 million more than was appropriated the previous year and \$334 million more than President Eisenhower's budget requests. The largest increase was for the National Institutes of Health (increased from \$400 million to \$560 million).

In 1961 Congress appropriated \$4.9 billion for these same departments and agencies. The total amount was \$88 million less than the budget requests, but the funds allowed for operating programs of particular interest to labor were generally satis-

factory.

Substantial increases over and above the Administration's requests were once again made in the appropriations for the National Institutes of Health and hospital construction under the Hill-Burton Act.

Civil Rights Civil Rights Section Page 172

Civilian Defense

For nearly a decade the efforts of federal civilian defense officials to provide adequately for the nation's civil defense have been frustrated by the failure of Congress to provide sufficient funds. This year, for the first time, the full \$295 million was appropriated.

Funds were also requested to provide grain and medical supply stockpiles near 191 metropolitan areas, but the appropriation

was refused.

The AFL-CIO has also urged appropriate legislation to permit state governors to fill vacancies in the House of Representatives in the event of disaster. A House subcommittee has approved a constitutional amendment to permit such appointments.

Consumer Protection

Disclosure of Interest Charges

The "truth-in-lending" bill, first introduced in the 86th Congress by Sen. Paul H. Douglas (D-Ill.), was reintroduced this year as S. 1740, with more than 20 percent of the Senate membership as co-sponsors. The measure is directed at the wide-spread concealment of high finance charges for installment sales and installment loans. The bill would require full disclosure, in writing, of all charges to the consumer in connection with the extension of credit. Total finance charges would have to be stated both in dollars and cents and in terms of the true annual interest rate on the amount of the unpaid debt.

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In both sessions of Congress, the AFL-CIO testified in favor of S. 1740, stressing the hardship on wage earners caused by misleading statements on credit charges. Wage earners are among the heaviest users of installment credit. The great increase in personal bankruptcies, now almost 100,000 annually, is solid proof of the need for reform in consumer credit practices.

Delegating Meat Inspection Functions to States

Last year certain congressmen tried to get a law enacted that would have undermined federal meat inspection by permitting the Secretary of Agriculture to use state inspectors to carry out federal inspection functions. Widespread resistance to this maneuver caused the project to be promptly stopped. Some state inspection laws appear to be as rigid as the federal law but often appropriations for their enforcement are lacking.

Proposal to Extend Federal Meat Inspection Coverage

The Smith bill (H.R. 7871) seeks to extend the coverage of the federal meat inspection program to bring more meat packing plants within the scope of federal inspection. The issue of federal coverage arose during the "watered ham" controversy resulting from a Department of Agriculture ruling in 1960 which permitted federally inspected hams to contain 10 percent extra weight in the form of water. Although the ruling was rescinded this year by Secretary Freeman as a result of widespread consumer protests and a series of public hearings, the problem of watered ham in plants without federal inspection remains.

In substance, the bill seeks to prevent non-federally inspected plants from unfairly competing with federally inspected plants. The bill is expected to draw much attention during 1962, both as a safeguard for consumers and to slaughtering and processing plants conforming to the Meat Inspection Act of 1907.

The Poultry Inspection Act and Appropriations

The AFL-CIO has called for adequate funds with which to administer the Poultry Inspection Act, whose enactment it had

strongly supported.

In mid-1960, labor expressed opposition to H.R. 11050 in the House Agriculture Committee, where Secretary of Agriculture Benson was seeking continuance of his temporary authority to exempt poultry processors from the basic Poultry Products Inspection Act of 1957. Continuation of exemptions the secretary already had permitted, together with the possibility that new ones might be authorized, would clearly create a dangerous loophole in the law. The bill was defeated.

Price Fixing on Consumer Items

The so-called "fair trade" bill which labor has consistently opposed was revived in 1961 in the form of S. 1722-H.R. 7685. The Monroney Special Subcommittee held a one-day hearing,

limited largely to proponents of "fair trade," with the promise that opponents will be heard before further action. The Adminministration also has expressed its disapproval of the legislation.

Our members would be greatly and adversely affected by a federal law in this area. The proponents have applied a new term to their bill, "Fair Competitive Practices Act," but the intent of the legislation is the same as in previous years. As under similar bills, manufacturers of trade marked products would be empowered to set minimum prices at which such products could be resold, both by wholesalers and retailers.

Consumer Representation in the Government

In line with the provisions of the AFL-CIO Executive Council statement on consumer protection in February 1960, we supported S. 1688, introduced by Sen. Estes Kefauver (D-Tenn.), to create a Department of Consumers.

Hearings were held in mid-1960 on S. 1571, Kefauver's previous bill to create a Department of Consumers. At that time we pointed out the need for more interest by the federal government in consumer problems and more effective co-ordination of existing programs affecting the consumer. Moreover since consumers have not yet been able to organize a strong and effective group in their own behalf they have little influence in the formulation of government policies or in administrative proceedings affecting their interests. Such a department would serve as a much-needed spokesman for the consumer viewpoint within the government.

In August 1961, Sen. Kenneth B. Keating (R-N.Y.) introduced S. 2323 to establish a consumer counsel's office in the White House. Several bills have been introduced to create select committees in the Congress for the study of consumer problems.

Failure to Identify Simulated Hardwood Products

In both 1960 and 1961 the AFL-CIO endorsed legislation to compel labeling of so-called wood substitutes represented as wood —"cherry," "walnut," "oak," "maple," and other materials which are sold as genuine products.

Labeling of Poisons in Household Use

Efforts to obtain a law requiring clear and adequate warning on labels of household products containing dangerous, flammable, or poisonous chemicals resulted in Public Law 86-613, the Federal Hazardous Substances Labeling Act of 1960.

Color Additives

Provisions of the Food and Drug Act relating to the safety of artificial colors used in foods, drugs and cosmetics were improved by the Color Additives Amendments of 1960. The amendments

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included a key provision, strongly supported by the AFL-CIO, prohibiting the use of any color additive that has the potential of inducing cancer.

Slack Pack and Labeling Practices

During special hearings of the Hart Subcommittee in the Senate labor called attention to certain "deceptive packaging" techniques used by makers of packaged products to confuse and deceive shoppers. These include making packages too big for their contents, putting net weight statements in fractional ounces so as to make price comparisons difficult, and concealing price increases by reducing package contents.

Prescription Drug Industry

Hearings on Sen. Kefauver's Drug Industry Antitrust bill, S. 1552, began in July 1961. Introduction of the bill followed the conclusion of an exhaustive investigation of the drug manufacturing industry, which exposed gross profiteering in prescription drugs at the expense of the consumer, and many other abuses. The Kefauver bill would promote competitive pricing of prescription drugs by reducing the protection of patent laws as they apply to drugs and by various provisions to make it easier for doctors to prescribe drugs by generic name rather than by brand name. The selling of useless drugs would be curbed by patent law reform and by enlarging the scope of Food and Drug Administration clearance of new drug products before they are put on the market. All drug manufacturers would have to be licensed by the Food and Drug Administration, which is given broadened powers to inspect drug factories. Provision is made for seeing that doctors get full information on any known dangers associated with the use of any particular drug product.

Conservation and Natural Resources

Labor's natural resources program calls for policies and programs under strong federal leadership, planning, construction and management, keyed to the national goals of a full employment economy.

Labor proposes both unified federal national resources policy and basic reorganization of the federal resources action and regulatory agencies; carrying forward the TVA conception of unified regional development into other river basins and continuation of anti-monopoly safeguards provided by existing federal power and water development laws and regulatory agencies.

Among other important aspects of labor's natural resources program are modernization of the nation's power supply under federal regulation; accelerated programs in soil conservation, water pollution abatement, saline water conversion, timber, grazing land, fish and wildlife, mining and minerals, recreation, and closer cooperation with the United Nations to help other nations deal with their resources problems.

Resources and Conservation Act of 1961

As a candidate Senator Kennedy endorsed S. 239 introduced by Sen. Clair Engle (D.-Calif.) in 1960 to create a White House Council of Resources Advisors and a Joint Committee on Natural Resources in the Congress. It was supported by the AFL-CIO.

The Kennedy Administration however, offered as a substitute S. 2246 introduced by Sen. Clinton P. Anderson (D.-N. Mex.). This legislation would create a cabinet level water resources council, establish river basin commissions with state-federal representation and authorize a 10-year, \$50 million grant-in-aid program to enable the states to draw up comprehensive water development plans. The bill was heard by the Senate Interior and Public Works Committees and awaits action next January.

Labor endorsed this bill as a first step in federal water resources agency reorganization. The bill however, fails to include land (including minerals) and energy resources within the scope of the cabinet council and threatens to perpetuate the interagency committee development approach which for years has

acted as a brake on needed basin programs.

Colorado River Storage Project Transmission Lines

In September 1961 Congress appropriated money for the Department of the Interior to begin construction of the federal transmission system to carry power from three federal dams in the Colorado River Storage project to load centers in Utah, Colorado, Wyoming, New Mexico and Arizona. A \$13.7 million item for this purpose was carried in the public works appropria-

tion bill for fiscal 1962 (H.R. 9076).

Both former Interior Secretary Seaton and present Secretary Udall had found that the federal transmission plan was superior to proposals by the private electric utilities. In September 1961, a House motion to eliminate this item was defeated by a teller vote (135 against, 114 for the amendment). Another motion to recommit to committee with instructions to strike the transmission lines was defeated on a roll call vote—224 to 182. The full public works appropriation bill was then passed by the House by a roll call vote of 337-31.

The Senate Appropriations Committee then wrote restrictive language into the transmission lines items of the public works appropriation bill, which was accepted by the Senate. Senate-House conferees adopted language which allowed the Interior Dept. to proceed with all-federal construction of the controversial

transmission lines.

Both Houses adopted the conference report and H.R. 9076

has been signed by the President.

The 86th Congress approved legislation liberalizing interest rates on any Colorado River Storage project commenced after June 1, 1960. (P.L. 86529)

S. 66 introduced by Sen. Frank Church (D.-Ida.) and H.R. 36, introduced by Rep. Gracie Pfost (D.-Ida.) were introduced to authorize the Burns Creek project to be constructed on the Upper Snake River in Idaho by the Bureau of Reclamation to insure adequate irrigation storage water and power generation. This legislation is pending in committee.

Water Pollution Control

The long fight in Congress to accelerate programs for control of pollution of America's water supply won a delayed victory this year when the President signed into law, P.L. 87-88.

Legislative efforts to liberalize the 1956 Water Pollution Control Act were defeated in 1960 when President Eisenhower vetoed a bill to increase federal grants-in-aid to communities planning sewage disposal plants. By the narrow margin of 249-157 on a roll call vote, the House failed to over-ride, with 271 votes needed.

This year H.R. 6441 was reported out of the House Public Works Committee and passed by a record vote of 307-110, after an effort to strike out a provision strengthening the enforcement powers of the federal government was defeated 151-70. Still another amendment to cut the amount of federal grants-in-aid was defeated.

The Senate Public Works Committee amended H.R. 6441 to authorize \$80 million in fiscal 1962, \$90 million in fiscal 1963 and \$110 million for four succeeding years to aid communities in building sewage treatment plants. The House version authorized \$100 million for each of the fiscal years—1962-1967. The House acceded to the Senate version and adopted the conference report. P.L. 87-88 also will:

1—Raise the ceiling on individual projects grants from \$250,000 to \$600,000, and increases grants to state water pollution control agencies and authorizes more money to develop better sewage treatment techniques.

2—Extend federal enforcement powers to all navigable, including coastal waters and transferring direct control to the Secretary of HEW.

3—Increase federal share in non-reimbursable costs of stored water for the purpose of improving downstream quality.

4—Authorize establishment and maintenance of at least seven field laboratories and research facilities in the United States.

Saline Water Conversion

In the 86th Congress, legislation to expand the Federal Saline Water Conversion program passed the Senate and died in the House. S. 2156, a bill extending the research and development program with a \$100 million authorization for improving saline water conversion processes through fiscal year 1971, was ap-

proved by the Senate in August 1961. The House passed H.R. 7916 as amended, authorizing appropriations of \$50 million ex-

tended over a five year period.

The Senate-House conferees in September agreed on a \$75 million, six year program. The conference report was agreed upon by both houses and the President signed Public Law 87-295 on September 22, 1961.

Wilderness Bill

On July 27, 1961, the Senate Interior and Insular Affairs Committee reported S. 174, introduced by Sen. Clinton P. Anderson (D-N. Mex.), a bill to establish a National Wilderness Preservation System, comprising about 52 million acres, administered by the Departments of Interior and Agriculture in national forests, parks and wildlife preserves. In September, S. 174 passed the Senate. House action is expected in 1962.

No new wilderness lands would be created under the bill; any existing mining, grazing and other rights in the designated

areas would be preserved.

C & O Canal Park

The House on May 19, 1960 rejected a motion to adopt the rule for debate on H.R. 2231 to establish the Chesapeake and

Ohio Canal National Historical Park in Maryland.

S. 77 introduced by Sen. J. Glenn Beall (R.-Md.) passed the Senate by a voice vote in 1960 and 1961. Bills before both houses contain language enabling Congress to use park lands for future water development projects for multiple use benefits with hydro power generation omitted.

Minerals

This year the House, by a 196 to 172 roll call vote, passed an amended bill, H.R. 84, introduced by Rep. Ed Edmondson (D.-Okla.) to stabilize the domestic lead and zinc industry by authorizing subsidy payments to small mine operations for a four-year period through fiscal year 1965. A similar measure had passed Congress in 1960 and was killed by a pocket veto.

The bill, as finally approved by Congress and signed by the President, would authorize stabilization payments by the Secretary of the Interior, between 14.5 cents and the market price per

pound:

1—Whenever the market price of lead fell below $14\frac{1}{2}$ cents per pound.

2-Whenever the market price of zinc fell below 14½ cents

per pound.

3—Limited to \$4.5 million on ores sold in calendar 1962; \$4.5 million on ores sold in calendar 1963; \$4 million on ores sold in 1964; and \$3.5 million on ores sold in 1965.

4—Limited to a ceiling 3,000 tons in calendar 1962 (1,500 tons of lead and 1,500 tons of zinc) 2,400 tons in 1963; 1,800 tons in 1964 and 1,200 tons in 1965.

S. 1747, a companion bill to H. R. 84, with additional provisions for revising the import taxes on lead and zinc was referred to the Senate Committee on Finance, after having been reported by

the Senate Interior and Insular Affairs Committee.

On September 14, the House Ways and Means Committee reported H. R. 5193 introduced by Rep. Howard H. Baker (R-Tenn.) as amended, to impose import taxes on lead and zinc. No further action was taken. S. Res. 240, directing the United States Tariff Commission to undertake studies of foreign competition in the domestic mining industry, passed the Senate.

San Luis Project

After intense debates in both houses of Congress, the San Luis project in the California Central Valley, to be financed, constructed and operated jointly by the Bureau of Reclamation and the State of California, was authorized when the President

signed Public Law 86-488.

The basic issue was whether federal reclamation laws governing limitation of land ownership eligible to receive water from a federally financed reclamation project (the so-called 160 acre provision) should also apply to the state-administered service areas of the San Luis project. Involved is the key role of San Luis to the state of California's north-south water diversion plan and the success of continuing efforts of the large corporation farmers to control land and water development in the state. Also involved is the historic anti-monopoly family-sized farm policy in the United States which goes back to the Articles of the Confederation.

In 1959 the Senate passed S. 44 by voice vote. An amendment had been passed eliminating the section which would allow the owners of land in the state service area to receive water from the San Luis reservoir without complying with federal reclamation ownership provisions of the federal reclamation law.

In 1960 the House adopted an amendment striking the bill's exemption of the 160 acre limitation in the state service area. The amended bill went to the President and was signed into law.

P.L. 86-488 requires that a contract be negotiated between the United States and California to carry out the joint undertaking at San Luis. If there is no contract by January 1, 1962, the bureau may proceed with the federal part of the project. Former Interior Secretary Seaton did not arrive at a decision as to whether to carry out the intent of Congress with respect to the 160 acre provision on the state service area.

No decision has as yet been made public by Interior Secretary Udall who voted for the 160 acre provision during the House debate on San Luis. Labor has urged the secretary to stand firm and carry out the intent of Congress on this vital issue.

Federal Power Commission

This commission exerts profound influence on American consumers of both electricity and gas through its administration of the Federal Power and Natural Gas Acts.

President Kennedy has appointed and the Senate has confirmed three consumer-oriented members of the Commission to fill three of four vacancies that occurred this year. These are:

Joseph C. Swidler, formerly general counsel for the Tennessee

Valley Authority, now the chairman;

Howard Morgan, former public utility commissioner of Oregon; and Charles R. Ross, former chairman of the Vermont

Public Service Commission, a Republican.

Lawrence J. O'Connor, an Eisenhower appointee to the Interior Department's office of oil imports, and a former oil and gas company official, was also confirmed this year in spite of opposition

in the Senate because of his background.

During the past eight years the Federal Power Commission has in effect been regulated by the gas companies and electric power companies, instead of regulating them. Faulty administrative procedures in handling rate increase applications have resulted in an enormous backlog of 3,971 unfinished proceedings involving pipelines and independent gas producers as of April 30, 1961.

Labor strongly supported S. 666 introduced in the 87th Congress by Sen. Warren G. Magnuson (D-Wash.). This bill would amend the Natural Gas Act to improve FPC regulation on behalf of the consumer and general public. This bill would:

1—Outlaw certain types of indefinite prices clauses in contracts for sale of natural gas and allow the FPC to suspend rate

changes in industrial gas sales.

2—Prohibit a successive rate increase from being put into effect by a natural gas company regulated by FPC, before the commission has rendered a decision on a previously pending rate increase application. (Twenty-seven natural gas companies as of April 30, 1961 had from two to seven such pending cases, aggregating nearly \$335 million.)

3—Place the burden of proof squarely on the applicant for a rate increase by requiring FPC to make a specific finding that the selling price of natural gas interstate is consistent with the

public interest, and if not, to set the price itself.

The new U. S. solicitor general, in the spring of 1961 successfully defended before the U.S. Supreme Court a Federal Power Commission decision handed down during the Eisenhower Administration that allows liberalized depreciation under Section 167 of the Internal Revenue Act of 1954 to provide enormous financial benefits to the utilities but not to the consumers.

Davis-Bacon Act

Legislation to extend the Davis-Bacon Act to all projects paid for in whole or in part with federal funds, and to include fringe benefits in establishing the prevailing wage, were introduced in both the 86th and 87th Congresses. Bills introduced were S. 1360, by Sen. Herbert H. Humphrey (D-Minn.); H. R. 4994 and H. R. 5622 by Rep. John E. Fogarty (D-R.I.); and H. R. 5298, by Rep. Frank M. Karsten (D-Mo.). No action has been taken.

Davis-Bacon Act provisions were included in the housing and

area redevelopment laws passed this year.

D. C. Unemployment Compensation

Efforts to improve the District Unemployment Compensation Act failed in conference at the close of the 1961 session. The Senate had enacted S. 2194, introduced by Sen. Wayne Morse (D—Ore.), which would have provided a maximum at 50 percent of the district's average weekly wages in private employment. This would have raised the maximum from \$30 to \$46. The Senate measure also provided 34 weeks uniform duration, coverage for non-profit employes, no disqualification during retraining and no cancellation of benefit weeks as a result of disqualification. The bill would have eliminated benefits to those voluntarily retiring.

A House measure, H.R. 5968, introduced by Rep. Thomas Abernethy (D.—Miss.) which was very similar to a bill supported by the Washington Board of Trade, would have raised the maximum to only \$38, and included many provisions weaken-

ing existing legislation.

Despite failure of the first conference committee meeting to resolve the differences, subsequent efforts were made. An informal understanding was reached and a second conference scheduled. The majority of House conferees, however, refused to attend the conference meeting. Further action has been deferred to next year.

Despite repeated efforts of the AFL-CIO, the Congress has not amended the District Unemployment Compensation Act since 1954. The benefits in the district law are now almost the lowest

in the United States.

Disarmament Agency

The United States, as the leader of the free world, has frequently stated and worked for the goal of peace and disarmament. And yet, while it has maintained a large military budget, there has been no central and permanent planning agency for peace. United States participation in nuclear test-ban negotiations and other international conferences has suffered from lack of continuous planning and trained personnel in the arms control and disarmament fields.

Under present day conditions, when the maintenance of peace may be the only alternative to nuclear holocaust and destruction, an agency to study and make plans for arms control and disarmament on a permanent, continuing basis is clearly needed.

Legislation to establish a U. S. Disarmament Agency for World Peace and Security was introduced in both the Senate and the House at the request of President John F. Kennedy in June 1961, and passed both Houses by substantial margins. President Kennedy signed the bill on September 26, 1961 (P.L. 87-297).

Discrimination in Apprenticeship Programs

Hearings were held in August 1961 before the Special House Subcommittee on Labor, headed by Rep. James Roosevelt (D.—Calif.), on H.R. 8219, a bill introduced by Rep. Adam Clayton Powell (D.—N.Y.), to deny government recognition and assistance to apprenticeship programs where discrimination on the

grounds of race, creed or color is practiced.

President Meany testified for the AFL-CIO in general support of the legislation, but took the position that discrimination in apprenticeship programs is only part of the much larger problem of discrimination in employment generally. He strongly urged enactment of a national fair employment practices act, with full powers of enforcement, and asserted that fair employment practice legislation along the lines of Rep. Powell's bill (H.R. 262) has and will continue to have the full and energetic support of the AFL-CIO.

The subcommittee did not report the legislation prior to the

adjournment of the first session of the 87th Congress.

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Educational and Cultural Exchange

On September 16, 1961 the Congress passed the Mutual Educational and Cultural Exchange Act of 1961, (P.L. 87-256), consolidating and expanding U. S. educational and cultural exchange

programs.

The new law consolidates and strengthens existing educational and cultural exchange programs authorized under half a dozen statutes, including the so-called "Fulbright Amendment," the U. S. Information and Educational Exchange Act of 1948 and the Smith-Mundt Act. One of the effects of the new law will be to promote closer academic and cultural ties between the U. S. and Latin America.

Educational TV

The AFL-CIO supported bills to provide modest federal aid for non-profit community educational television groups. Though

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not widespread, educational TV has proved a useful tool in public elementary and secondary school classrooms and an effective implement for adult education during the evening hours.

S. 205, introduced by Sen. Warren Magnuson (D—Wash.), H. R. 132, by Rep. Kenneth Roberts (D—Ala.), H. R. 645, by Rep. Hale Boggs (D—La.) and H. R. 965, by Rep. Oren Harris (D—Ark.) would provide needed aid.

Electoral Reform

Sen. Howard Cannon (D.—Nev.) introduced S. 2426, a bill to (1) prescribe minimum regulations for the organization of political committees, (2) establish realistic ceilings on contributions and expenditures in federal election campaigns, (3) strengthen existing reporting requirements applicable to political committees and candidates and at the same time reduce the burden of two numerous reports, (4) provide for wider publicity for required reports on campaign contributions and expenditures, and (5) give a credit of up to \$10 against federal individual income taxes for political contributions.

The bill was reported unchanged by the Senate Rules Committee, but prior to passage of the bill by the Senate, the provisions allowing a tax credit for political contributions were deleted. Efforts to strengthen the measure were defeated. When the session ended, the bill was pending before the House Administration Committee, which had taken no action on the matter.

Equal Pay for Women

No specific action was taken by the Congress on proposals for a federal law to provide equal pay for women employed in jobs comparable to jobs held by men. However, an important development was the introduction toward the end of the 1961 legislative session of an Administration-backed "equal pay" bill (H.R. 8898-S. 2494 introduced by Rep. Edith Green (D.—Ore.) and Sen. Pat. McNamara (D.—Mich.)) which closely follows the principles endorsed by the AFL-CIO.

Unlike most previous equal pay bills, enforcement of the measure would be handled chiefly through administrative proceedings in the U. S. Department of Labor, rather than through the courts, so that a maximum of compliance on a voluntary basis can be assured. The type of enforcement included in the bill is an objective specifically sought by the AFL-CIO.

The bill forbids discrimination in wages on the basis of sex where the work performed is of a comparable character. It would apply to all employers engaged in interstate commerce or in the production of goods for interstate commerce. It is expected that hearings will be held early in 1962.

Food for Peace

During the 1960 campaign President Kennedy strongly endorsed "a new, expanded Food for Peace program . . . where our surplus food and fiber are used to supplement the agriculture of other lands, to combat hunger, to supply food reserve banks, and to feed workers engaged in building roads, digging wells

and clearing land."

Former Rep. George McGovern (D.-S.D.) was appointed and now serves as director of the Food for Peace program in the Executive Office of the President. As part of the Agriculture Act of 1961 Congress extended and expanded the Administration's Food for Peace program through December 1964. (P.L. 87-28)

Foreign Assistance

The trade union movement has continued during the past two years to support vigorously all efforts to expand the economic and technical assistance programs of the United States and other advanced countries aimed at speeding up economic growth and improved living standards in the less developed countries. This period witnessed a growing awareness, not just in our own country but all over the world, of an urgent need for long-term effective help to the newly developed countries in their efforts to achieve economic and social progress.

The AFL-CIO has for a number of years urged the need for adequate funds on a long-term basis to assist economic development in the less developed countries. This was in recognition of the fact that economic development is a long-term process. It must be planned sufficiently in advance with assurance that

necessary funds will be available when needed.

Action in 1960

Although at one time it appeared that the Eisenhower Administration would support long-term financing for economic development, this expectation was not realized. In 1960 the Administration requested authorization of \$700 million for only one year for the Development Loan Fund, the agency which provides low-cost loans for economic development in less developed countries. Stressing the hobbling effect of year-to-year financing of economic assistance, AFL-CIO spokesmen, in testimony before congressional committees, called for an authorization of \$1.5 billion a year for a period of five years for the Development Loan Fund, with Treasury financing instead of year-to-year appropriations. However, our recommendation was not accepted.

The Mutual Security Act of 1960 passed the House by a vote of 234-131 and the Senate by a vote of 60-25. As passed, the act authorized total appropriations of \$4,186,300,000 for the mutual security program, including \$1,100,000,000 for one year for the Development Loan Fund. Eisenhower indicated however, he would use only \$700,000,000 of the authorization. As a result, when Congress subsequently appropriated \$3,781,350,000 for mutual security, only \$550,000,000 was appropriated for one year for the Development Loan Fund. This was by far the deepest cut which Congress, under the leadership of Rep. Otto Passman (D.—La.), chairman of the Foreign Operations Subcommittee of the House Appropriations Committee, made in any of the mutual security programs authorized in 1960.

When President John F. Kennedy took office in January 1961, the United States and the free world faced hard and bitter problems. One dangerous crisis followed another—Cuba, Laos, Berlin, and the Congo. Foreign policy became the area of primary concern throughout the first months of the Kennedy Administration.

While there still are individuals both in and out of Congress who continue to resist foreign economic assistance programs on the ground that the United States cannot afford these programs as long as there are large unmet needs at home, the issue of whether the United States should be involved in such programs was not an important one in the first session of the 87th Congress. Rather, debate centered on the questions of what kind and how much aid should be furnished and how such aid should be financed.

OECD Treaty Ratified

Early in the session the Senate considered the question of ratification of the treaty establishing the Organization for Economic Cooperation and Development, the so-called OECD. This treaty was designed to strengthen the economic ties between the twenty member nations, particularly in the fields of integrated and mutually beneficial foreign aid and foreign trade policies and programs.

The Senate ratified the treaty by a vote of 72-18. As a result, United States participation in joint action with the other signatories looking toward further unification of the Atlantic Com-

munity was assured.

Preceding the Economic Conference of the American Republics held in Bogota, Colombia, in September 1960, the AFL-CIO Executive Council issued a statement stressing the need for social and land reform in Latin America as an essential prerequisite to economic and social development. This basic principle was later incorporated in the decision of the Bogota Conference, as well as the subsequent conference this year at Punta del Este. Again in February 1961, the Executive Council adopted a statement urging full U.S. support for assistance to Latin American economic development, particularly stressing that our efforts should help to strengthen democratic unions in that region.

Alliance for Progress

On March 13, 1961, President Kennedy announced the Alliance for Progress program for Latin America intended to meet the twin needs for social and economic reform and for economic development. In early August 1961, a conference of all the American nations adopted the Charter of Punta del Esta, setting forth 12 basic objectives to meet the demands of the people of Latin America. AFL-CIO representatives serving as observers with the U. S. delegation played a significant role especially in emphasizing the need to stress the human aspects of the problem. At the Punta del Este Conference, the U. S. pledged to make available a major part of at least \$20 billion needed from outside sources over the next 10 years for economic and social development in Latin America.

Funds for Latin American aid were authorized by an act of Congress in 1960. This was followed by passage by Congress in 1961 of legislation appropriating \$500,000,000 for the Inter-American Social and Economic Cooperation Program and \$100,000,000 for assistance in the reconstruction and rehabilitation of

earthquake-damaged Chile.

Long-Term Foreign Aid

Unlike his predecessor, President Kennedy recognized the need for assured long-term financing for foreign aid. In June 1961 he asked Congress for authority to borrow from the Treasury over a period of five years, \$900,000,000 in fiscal 1962, and \$1.6 billion in each of the succeeding four years, to finance low-interest, long-term loans to meet the economic and social needs of the peoples of less developed countries. The President also called for authority to use for such purposes \$1.5 billion in repayments to the Treasury of outstanding loans, and appropriations of \$1.8 billion for military aid and \$1.3 billion for supplementary foreign assistance programs in fiscal year 1962.

The major principles of the Administration's Foreign Assistance Program were (1) individual country plans tailored to meet the specific economic and social needs of the people of the country; (2) long-term planning with long-term financing; (3) emphasis on long-term, low-interest loans; (4) separation of economic from military assistance programs; and (5) greater unification of administrative agencies. The AFL-CIO strongly supported the President's foreign aid program in congressional testimony and in statements by the Executive Council and Presi-

dent Meany.

The Senate Foreign Relations Committee reported legislation substantially along the lines of the President's recommendations. When the bill was called up for debate on the Senate floor, the principal issue was whether the provisions authorizing Treasuryborrowing to finance the program of United States loans to un-

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derdeveloped countries for social and economic development would be approved. Administration supporters argued that authority for long-term financing was an essential element of long-term planning. Conservative Republicans and Southern Democrats, however, described the program as sanctioning "back-door financing" threatening the financial solvency of the nation and Congress's control over the purse strings. There was virtually no disagreement as to the need for and the desirability of a sound foreign aid program.

The first test came on an amendment offered by Sen. Harry Byrd (D.-Va.) providing for a five-year loan fund authorization, but eliminating the provisions for Treasury-borrowing. Through this amendment, Senator Byrd sought to retain for the House and Senate Appropriations Committees year-by-year review of and control over the program. The Byrd amendment was defeated by a vote of 56 (46 Democrats and 10 Republicans) to 39

(16 Democrats and 23 Republicans).

Setback in the House

The House Foreign Affairs Committee also reported favorably legislation substantially along the lines of the President's recommendations. Debate on alleged deficiencies in the foreign aid program in the past was much more caustic in the House than it was in the Senate, and it soon became evident that some compromise would have to be made on the provisions for Treasuryborrowing authority in connection with the development loan fund. In point of fact, reaction against the President's program in the House proved to be even stronger than had generally been expected, for by a teller vote of 161-195 the House completely eliminated not only the provisions for Treasury-borrowing authority, but also the provisions for long-term planning. The amendment which accomplished this was proposed by Rep. D. S. Saund (D.-Calif.). It authorized \$1.2 billion for the development loan program for only one year and required that this money be appropriated. Passage of the Saund amendment represented a serious defeat for the President's foreign aid program. The House bill, however, left the amounts authorized in the bill for foreign assistance programs in fiscal year 1962 virtually unchanged.

While the House-Senate conferees were able to reach agreement on long-term planning over a five-year period, and the amount authorized for the Development Loan Fund—\$1.2 billion for the first year, \$1.5 billion for the next four years—was much greater than previous years, the conferees did not, however, agree on Treasury-borrowing authority. Instead, the bill authorized the President to make long-term commitments which, the conferees stipulated, should be honored by Congress "unless there is evidence of obvious bad management or the other coun-

try has failed to meet its responsibilities."

Although they fell short of the President's recommendations, the provisions of the conference bill, which were designed to restrain the House Appropriations Committee from drastically reducing appropriations for foreign aid, as had happened in previous years, did constitute a substantial improvement over previous foreign aid legislation.

The bill was signed into law by the President on September 1, 1961 (P.L. 87-195). Any mild satisfaction supporters of a strong and effective foreign aid program may have felt, however, was

destined to be short-lived.

House Slashes Funds

Even before the Foreign Assistance Act was signed, Rep. Passman's Foreign Operations Subcommittee recommended, and the House Appropriations Committee reported, a foreign aid appropriations bill reducing appropriations for foreign aid nearly \$900 million below the amounts authorized in the Act for fiscal year 1962. The cuts included reductions of nearly \$300 million for development loans and grants, \$125 million for the President's contingency fund, and \$400 million for military aid. On the House floor, supporters of foreign aid were successful in raising by \$300 million the appropriation for military aid but were unsuccessful in restoring to authorized levels the funds for

development loans and other non-military programs.

When the bill went over to the Senate the AFL-CIO strongly urged the Senate Appropriations Committee, in view of the critical world situation and in the interest of the people of the United States and the security of the free world, to restore the full amounts of the funds authorized in the Foreign Assistance Act of 1961. Both the Senate Appropriations Committee and the Senate itself did restore virtually the full amounts authorized for foreign aid. In conference, however, with representatives of the House Appropriations Committee led by Rep. Passman, the conferees agreed upon and both the House and Senate passed a compromise foreign assistance appropriations bill appropriating for fiscal year 1962 \$3,877,100,000 in new money, plus \$106 million of unobligated balances of 1961 funds, and \$30 million for the Peace Corps, for a total of \$4,013,100,000. This was \$519,600,000 above the figure originally recommended by the House Appropriations Committee, but nearly \$800,000,000 short of the President's request.

Freedom Academy

The AFL-CIO supported legislation in 1960 to establish a Freedom Commission to operate a Freedom Academy for research and training in the "science of counteraction" to the international Communist conspiracy. S. 1685 was introduced by Sen.

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Karl Mundt (R-S.D.) and Sen. Paul H. Douglas (D-Ill.) and was

reported favorably by the Senate Judiciary Committee.

The bill was passed by the Senate on August 31, 1960, but in the face of opposition by the U. S. Department of Justice, on the ground that the bill would result in duplication of effort, no action was taken on the measure in the House. The bill was reintroduced in 1961 as S. 822.

General Extension Act

The Committee on Special Education of the House Education and Labor Committee in 1960 concluded hearings on H.R. 357, introduced by Rep. Carl Elliott (D-Ala.), a proposal to provide financial assistance to the states for further development of publicly supported general extension programs conducted by landgrant colleges and state universities. The committee did not act on this legislation. In the Senate, a similar bill was introduced by Sen. Lister Hill, (D-Ala.), S. 648, but no hearings were scheduled.

When the 87th Congress convened, an identical bill was introduced by Rep. Cleveland Bailey (D-W.Va.), H.R. 4386, providing financial aid for the development of state university extension programs. The subcommittee reported H.R. 8732 instead of H.R. 4386. The bill is pending before the full committee.

Government Employes

In 1960 federal and postal employes achieved their greatest victory in passage over President Eisenhower's veto of a 7.5 percent wage increase. Passage in the House followed completion of a discharge petition which 219 members signed only 48 hours after it was filed. The salary increase became Public Law 86-568.

Important improvements were also made in the federal employe's compensation program (Public Law 86-767) and extension of government health insurance programs to retired civil

service employes (Public Law 86-724).

In 1961, passage of Public Law 87-139 resulted in a long-overdue increase in government travel allowances from \$12 to \$16 per day. Another important measure (Public Law 87-114) made permanent a temporary 10 percent annuity increase. A long sought motor vehicle liability bill (Public Law 87-258) affords needed protection to those postal and federal workers who are required to drive such equipment. Also written on the statute books' were measures modifying the Hiss Act (Public Law 87-299) and a bill liberalizing the disability retirement requirements (Public Law 87-7350) for reinstatement on the retirement rolls.

A bill providing longevity pay increases in the postal system was vetoed by President Kennedy, who said that the bill would further increase the Post Office deficit without providing in-

creased revenues. However, he promised recommendations next year to remove inequalities in postal pay. Federal employes in the classified civil service have long enjoyed longevity increases in annual or 18-month step-ups. The bill vetoed by the President would have provided the same system to postal employes.

Government Employes' Right to Join Unions and Bargain Collectively

The right of employes in the federal government to join employe organizations has been recognized for postal workers directly, and for civil service workers inferentially, ever since the Lloyd-Lafollette Act was passed in 1912. This right has been implemented for federal employes employed by the Post Office Department, Government Printing Office, Bureau of Reclamation, some military and navy installations, Tennessee Valley Southwestern Power Administration, Bonneville Authority, Power Administration and Alaska Railway. Other federal employes, however, do not enjoy these rights. The rights of organization and collective bargaining should be implemented for all employes in the federal service at all levels throughout the government.

Kennedy Memorandum

On June 22, 1961 President Kennedy transmitted a memorandum to heads of departments and agencies of the Federal Government directing that:

"The right of all employes of the federal government to join and participate in the activities of employe organizations, and to seek to improve working conditions and the resolution of grievances should be recognized by management officials at all

levels in all departments and agencies."

The memorandum added that "participation of federal employes in the formulation and implementation of employe policies and procedures affecting them contributes to the effective conduct of public business," and that "this participation should include consultation by responsible officials with representatives

of employes and federal employe organizations."

President Kennedy's June 22 memorandum also established the President's Task Force on Employe-Management Relations in the Federal Service to "study the broad range of issues relating to federal employe-management relations, including but not limited to definition of appropriate employe organizations, standards for recognition of such organizations, matters upon which employe organizations may be appropriately consulted, and the participation of employes and employe representatives in grievances and appeals." The task force was directed to report its findings and recommendations to the President not later than November 30, 1961.

AFL-CIO's Position

The task force held public hearings in Washington, D. C. and in six cities throughout the country during September, 1961. Andrew J. Biemiller, director of the AFL-CIO Department of Legislation and spokesman for AFL-CIO unions having members employed in federal government departments and agencies, led off the hearings strongly urging the issuance of an executive order affirming the rights of all federal employes to form, join, or assist any lawful union and, unless incompatible with their official duties, to participate in the management of the union and to act as union representatives in presenting the union's views to officials of the executive branch, Congress, federal departments or agencies, or other appropriate authority. He further urged that any union that has been designated by a majority of the employes in an appropriate federal unit, including an entire agency, field station, district or regional office, bureau, installation, headquarters, etc., shall be the exclusive representative of all employes in such unit for purposes of collective bargaining.

The AFL-CIO made clear, however, that organization and bargaining rights should not be accorded to employe organizations which, by ritualistic practice, constitutional or by-laws prescription, tacit agreement among the members, or otherwise, denies or classifies membership on grounds of race, color, religion, national origin, or preferential or non-preferential civil service status. The AFL-CIO also made clear that the federal government should not be required to deal with any organization that asserts the right to strike against or advocates the over-

throw of the government of the United States.

The AFL-CIO has cooperated informally with the task force throughout its deliberations.

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Health Research

In order to improve cooperation between nations in health research, research training and research planning, the Congress passed S.J. Res. 41, the International Health Research Act of 1960 (Public Law 86-610). The new law will permit foreign nations to use United States Mutual Security funds for this purpose.

In the last days of the second session, another bill, H.R. 10341, was passed authorizing the surgeon general to make substantial grants for health research to schools of medicine, dentistry and public health. The law (Public Law 86-798) will broaden health research efforts now being made by the National Institutes of Health.

Housing

More than one-fourth of Americans are still ill-housed. The Census of Housing conducted by the federal government in April 1960 revealed that of a total 58 million housing units, 15.7 million were substandard. These substandard units represented

fully 27 percent of the nation's total housing supply.

Some 3 million of the substandard units were dilapidated shacks, hovels and tenements which should have been torn down long ago and replaced by decent housing. An additional 8.4 million housing units were classified as "deteriorating." At the very best, only major repairs and rehabilitation could make them fit for family living. In addition, some 4.3 million units, though structurally "sound," lacked some or all of the essential plumbing facilities. Still other families live in housing which is technically classified as sound but which is over-crowded or located in run-down neighborhoods.

Only a greatly stepped-up pace of housing construction will provide decent homes for the millions of ill-housed families and also make available the additional housing needed for our rapidly expanding population expected to reach 235 million by 1975. A minimum rate of construction of at least 2.3 million housing units a year is needed now and more than 2.5 million units an-

nually by 1970.

Yet in the face of the urgent need for greatly increased housing construction, residential building during the past two years has been far below minimum requirements for meeting America's housing needs. Indeed, a low rate of housing construction helped to bring on and to accentuate the general economic recession.

After reaching a level of approximately 1.5 million units in 1959, housing construction in 1960 and in the first half of 1961 was at an annual rate of approximately 1.3 million units. It dropped in December 1960 to a postwar low for the month of less than 1 million units and then picked up only moderately by mid-1961 to about a 1.3 million-unit level. This was far less than the minimum need.

By the middle of 1961, however, prospects had improved for some expansion in housing construction, particularly of homes for the large numbers of low- and middle-income families with the greatest need for decent housing. The more optimistic outlook was attributable to the forward-looking housing legislation passed by the Congress which in turn was largely the result of

the initiative of the new Kennedy Administration strongly supported by organized labor. The Housing Act of 1961 was indeed the most important and progressive housing measure in more

The vigorous leadership of the Housing and Home Finance Agency, under Dr. Robert C. Weaver, for enactment and administration of housing legislation attuned to the country's needs in the 1960s, was in sharp contrast to the record of the previous Administration. The Eisenhower Administration had devoted its energies almost entirely to providing financial assistance for housing for higher income families while callously ignoring the urgent need of millions of low- and middle-income families for decent homes.

Housing Legislation

In 1960 under the ever-present threat of a presidential veto, twice exercised the year before, an extremely moderate housing bill was passed by the Senate by a vote of 64-16, and a similar bill was reported out by the House Banking and Currency Committee. A reactionary coalition in the House Rules Committee, however, was able to force a tie vote in that committee which failed to report out the housing bill and thereby prevented a vote on the bill in the House of Representatives. As a result, the 1960 congressional session ended with no substantive housing legislation.

In the 1960 political campaign, President Kennedy, then the Democratic candidate, called for rapid and substantial expansion of housing construction and urban rebuilding and outlined a comprehensive, progressive program to begin the job. At its meeting in February 1961, only a few weeks after the new Administration came into office, the AFL-CIO Executive Council called upon the Congress to adopt legislation immediately along the lines President Kennedy had recommended in order to stimulate new housing construction and thereby help to reverse the eco-

nomic recession and put the jobless back to work.

The specific measures the Executive Council recommended, which were later presented to the Congress by AFL-CIO spokesmen, were very similar to the proposals made by the Administration and the provisions finally enacted into law by the Congress in the Housing Act of 1961. This act placed major emphasis on making housing available within their means to lowand moderate-income families and the elderly. It also extended and expanded the slum clearance and urban renewal program. extended the existing programs of mortgage insurance by the Federal Housing Administration for sales, rental and cooperative housing, and provided financing for community facilities, acquisition of open-space land in metropolitan areas, public works planning, urban mass transportation, and college housing. The most important specific features of the new law authorized:

1-Construction of approximately 100,000 low-rent public

housing units for occupancy by low-income families.

2—Low-interest (31/8 percent), long-term loans for rental and cooperative housing for families displaced by urban renewal and other public projects as well as other low- and moderate-income families.

- 3-\$75 million for direct loans for housing for the elderly.
- 4-\$2 billion for urban renewal.

5—A new program of FHA-insured home improvement loans up to \$10,000 with substantially lower interest rates and longer

repayment periods than had previously obtained.

6—Approximately \$1.5 billion for the Federal National Mortgage Association to finance various types of housing for moderate-income families, displaced families, the elderly and others with particularly urgent housing needs.

Before passage, Congressional conservatives sought to cut out the best features of the Administration's program. In the Senate, they were temporarily successful in removing aids to moderate income families. But Sen. Sparkman (D-Ala.), who ably managed the bill on the floor, offered an amendment restoring these provisions. The Sparkman amendment carried, 47 to 42. Supporting his amendment were 43 Democrats and four Republicans; 15 Democrats and 27 Republicans opposed it.

On the House side, a recommittal motion was offered which would have simply extended existing programs for one year. This motion was defeated, 197 to 215. Supporting the motion were 39 Democrats and 158 Republicans; 208 Democrats and 7

Republicans opposed it.

The Administration bills (P.L. 87-70) were introduced by Rep.

Rains (D-Ala.) and Sen. Sparkman.

The AFL-CIO has long favored the establishment at cabinet level of a new Department of Urban Affairs and Housing. With Administration support, Sen. Joseph Clark (D-Pa.) in April 1961 introduced a bill to set up the new department which was recommended for enactment by both the Senate and House Committees on Government Operations. By the end of the summer of 1961, however, neither the Senate nor the House of Representatives had voted on the bill.

Public Housing and Urban Renewal

Despite the urgent need of millions of low-income families for decent homes, the 810,000-unit low-rent public housing program Congress authorized in 1949 for construction over a six-year period had not even been half completed by January 1961 when the Kennedy Administration took office. The snail's pace of the program was due to a combination of congressional limitations, lack of sympathy of the Eisenhower Administration with the

program, and a never-ending campaign by reactionary real

estate interests to wipe out the program.

The often-repeated charge that local communities did not need or want public housing proved completely unfounded when beginning with the very end of the Eisenhower Administration and on into the Kennedy Administration individuals were placed at the head of the Public Housing Administration who recognized the need for public housing as the only effective way of making decent homes available to low-income families. For the first time in many years the leaders of the program wanted to make it work. The results were almost startling.

Despite continuing congressional limitations on public housing authorizations, from June 1, 1960 to July 31, 1961, construction was started on more than 35,000 units and financial aid contracts were authorized for an additional 37,000 units. This compares with total construction of only 153,000 units during the 6.5-year period July 1953 through 1959 of the Eisenhower Administration. Most significant was the authorization of financial aid contracts for 19,000 units during the two months of June and July 1961. If this pace is maintained, the 100,000-unit authorization in the 1961 law will be exhausted before mid-1962.

The slum clearance and urban redevelopment program Congress launched in 1949 for the rebuilding of American urban areas has been making significant progress in hundreds of cities and towns in every part of the nation. By mid-1961 some 900 projects in 500 cities had been undertaken. Forty-nine were completed, 460 were in various stages of execution, and about 400 were in the planning phase.

It is essential that urban redevelopment should not consist of isolated projects. In each locality urban redevelopment programs should be coordinated into a genuine far-seeing plan of city

rebuilding.

The one most serious handicap the urban redevelopment projects have faced has been the lack of decent alternative housing for the tens of thousands of families who have been displaced by urban renewal and other public projects. Through June 30, 1960 some 85,000 families had already been displaced although the program was only in its early stages. The Urban Renewal Administration estimates that in the next ten years as many as 1 million families may be displaced just by urban renewal and slum clearance projects and almost as many will probably be displaced by highway and other public projects.

To the maximum extent possible the housing built in redevelopment areas should be of such a character as to be suitable for and within the means of the former occupants of the areas. Nevertheless, it is inevitable that many of the displaced families

will have to move to other areas.

Many lower income families will find suitable accommodations within their means in low-rent public housing only if public housing is built. Others will not be eligible for public housing. But wherever the displaced families live they are entitled to decent homes. Their displacement cannot be met by the word "relocation." For them, especially, who through no fault of their own are forced to move out of their homes, as well as for the community as a whole, urban redevelopment must

result in better living conditions.

The problem of obtaining decent housing for families displaced by urban renewal has been worsened by the disproportionate number of such families who are Negroes and members of other minority groups because of the discriminatory bars they face in trying to obtain homes or apartments on the private market. Only in 15 states and two cities with fair housing practices laws has a real effort been begun to wipe out discriminatory housing practices.

Veterans Housing Loan Program Extended

Until recently, the millions of veterans wishing to become homeowners found scant accommodation of their needs. The program was available to some but financing was lacking in

large degree.

As the result of enactment of Public Law 87-84, which we actively supported, the backlog of waiting veterans is dropping noticeably. The funds newly provided by the Congress are overtaking the demand. Public Law 87-84, authorizing \$1.05 billion for direct loans over a six-year period, with \$500 million available the first year (July 1, 1961-July 1, 1962), is breaking the bottleneck.

Within two months of the effective date this year, Veterans Administration had assigned \$200 million to its 56 field offices. More than 42,000 veterans by that time had lined up to obtain loans. Such funds are to be had only where they cannot be obtained through private financing in housing credit shortage areas, typically in rural regions. The interest rate is 5½ percent with the maximum loan raised from \$13,500 to \$15,000.

AFL-CIO Housing Activities

The AFL-CIO Housing Committee, under the leadership of its chairman, Vice President Harry C. Bates, has provided coordination and direction for the continuing efforts of organized labor to obtain better homes in well-planned up-to-date communities for all the American people. The efforts of the committee have been enhanced by the establishment of local labor housing committees by central labor bodies in a sizable number of communities in various parts of the country. The Department of Legislation has given the Housing Committee every possible assistance and cooperation in the successful drive to obtain forward-looking housing programs. We have also maintained a

close working relationship with the National Housing Conference.

In a number of areas AFL-CIO affiliates have sponsored cooperative and rental housing developments. These projects are making an important contribution by making available good homes and apartments at reasonable costs to both active and retired union members as well as to other middle-income and elderly families, and individuals. Particularly noteworthy was the launching of the Four Freedoms program sponsored by a number of AFL-CIO affiliates, which plans to provide moderate-cost housing and nursing care for retired and elderly people in 42 communities throughout the country.

The AFL-CIO staff work in housing has been carried on by Boris Shishkin, secretary of the Housing Committee, assisted by Bert Seidman of the Department of Research. Many of the other headquarters departments and committees have also provided

valuable assistance in our housing activity.

Immigration and Refugees

In the period since the 1959 convention there still has not been any basic reform of the immigration laws, such as the AFL-CIO has recommended. Minor legislative changes, however, have

been made.

In 1960 Congress passed a joint resolution authorizing resettlement in the United States of refugees under the mandate of the United Nations High Commissioner for Refugees (P.L. 86-648). Under the new law the attorney general was authorized to admit one-fourth the number, out of an estimated 28,000 refugee-escapees in Western Europe, resettled by other countries. The measure provided minimum relief, to say the least, and was grossly inadequate to meet the needs of the refugee

problem.

In 1961 legislation sponsored by Rep. Francis E. Walter (D-Pa.) was passed making permanent a program for nonquota admission of alien orphans adopted by U.S. citizens and making other changes estimated to help some 11,000 aliens join relatives in the United States (P.L. 87-301). The bill also included provisions establishing procedures for federal court review of alien deportation and exclusion orders issued by the Justice Department, which permit court review of deportation orders only once and only by an appeal to a federal court of appeals filed within six months of the order or by petition for a writ of habeas corpus. The changes which the joint resolution made in existing law to help orphans and alien relatives of United States citizens were helpful, but of minor importance. The restrictions placed on judicial review of alien deportation and exclusion orders may raise serious due process questions. depending upon their administration by the Justice Department. and their interpretation and application by the federal courts.

Basic changes in the immigration laws to remove inequities in these laws, abolish the national origins quota system, and increase the annual national immigration quota remain important unfinished business of the Congress.

Importation of Mexican Farm Workers

Under the Mexican Contract Labor Program several hundred thousand Mexican farm workers are imported into the United States each year. One result of this mass importation is to depress farm wages and substantially reduce job opportunities for American farm workers.

Last year, congressional conservatives forced through a one year extension of the statute which authorizes the program, Public Law 78, and beat down reform amendments offered by

Rep. George McGovern (D-S.D.).

In 1961 the fight continued. A bill providing for a two-year extension was reported by the House Agriculture Committee, despite the fact that extensive reforms had been urged by the Administration. On the House floor, reform amendments again were rejected, and the bill was passed, 231 to 157.

In the Senate Agriculture Committee, Sen. Eugene McCarthy (D-Minn.) offered several amendments which were included in the committee bill, but the major abuses created by the program

were uncorrected.

On the Senate floor, Senator McCarthy offered an amendment requiring employers of Mexicans to pay at least 90 percent of the average state or national farm wage, whichever was lower. The amendment carried by a vote of 42 (34 Democrats and 8 Republicans) to 40 (20 Democrats to 20 Republicans). Another amendment, offered by Sen. Kenneth Keating (R-N.Y.), would have required employers to provide conditions for domestic workers comparable to those provided Mexicans. This amendment was rejected, 35 to 48.

In conference, however, the McCarthy amendment was deleted from the bill. McCarthy and several other senators then engaged in extended debate in an effort to defeat the conference report.

but the Senate approved it by a 41 to 31 vote.

Although the AFL-CIO and other groups urged the President to veto the bill, he signed it. He said that while the reforms he requested were needed and desirable, Mexicans were needed for farm work. If he vetoed the bill, they might not be available.

Juvenile Delinquency

In recent years juvenile delinquency has been on the rise throughout the United States. Countless thousands of young people, especially in the metropolitan areas of the nation, have, because of environmental and emotional problems, run afoul of the accepted standards of conduct in their communities.

Two major problems facing juvenile authorities in trying to minimize juvenile delinquency have been the need to develop and spread our knowledge and techniques for dealing with young people, and the lack of enough trained personnel to apply

what we know.

Congress, in an effort to supply these needs, passed legislation introduced by Representatives Edith Green (D-Ore.) (H.R. 7178) and John Brademas (D-Ind.) (H.R. 8028) and Senator Joseph Clark (D-Pa.) (S. 279). The new law provides federal grants of \$10 million for each of three years to develop and demonstrate techniques for prevention and control of juvenile delinquency, and for training probation officers and others employed in the field.

Longshoremen's and Harbor Workers' Compensation Act

Approximately 600,000 workers are covered by the Longshoremen's act. The statute is a workmen's compensation law for longshoremen, harbor workers and for the District of Columbia. It also applies to employes of government contractors at defense bases outside the U.S. Two important measures to improve the Longshoremen's and Harbor Workers' Compensation Act were enacted since our last convention.

Public Law 86-757 amends the Longshoremen's and Harbor Workers' Compensation Act to provide that an injured employe

shall have the right to select his own physician.

Under the existing statute an employer is required to furnish medical treatment for such period as the nature of the injury or the process of recovery may require. The fact that under this provision the injured employe is not free to choose his own physician has been the cause of much discontent, criticism, and complaint.

The purpose of the new law is to provide each injured employe an opportunity to select a physician from a panel of physicians to be named by the employer subject to the approval of

the deputy commissioner.

Public Law 87-87 increases the maximum weekly indemnity benefits for injured workers, the maximum for widows and children and the maximum compensation for injuries other than those resulting from total disability or death. Weekly maximum benefit amounts have increased from \$54 a week to \$70 a week. Maximum dependency benefits have been increased to permit a maximum basic weekly wage of \$105 per week. A widow with one child, for example, may now draw a maximum benefit of \$52.50 a week. This constitutes an increase of \$12.00 per week.

The maximum compensation for injuries other than those for permanent disability or death has been increased to \$24,000.

Manpower Development and Training

While a general lack of sufficient sales and production is the major cause of the persistent high levels of unemployment, another important factor is that many hundreds of thousands of the unemployed and new entrants into the labor force do not

have the skills needed in the economy of the 1960s.

After the pick-up from the recession was under way for several months, the President proposed to meet the problem of hard-core unemployment due to lack of adequate skills by directing the Secretary of Labor to take the lead in determining the training needs of the nation, and by providing funds to establish training programs over a four-year period primarily through assisting educational authorities, but also including on-the-job training and, if necessary, new educational institutions. The Secretary of Labor was instructed to establish standards for such training programs.

Subsistence allowances, roughly equivalent to unemployment compensation payments, were to be paid to unemployed persons during the time they are enrolled in training. Relocation allowances were to be provided long-term unemployed persons who find job opportunities in communities that are distant from their homes. The Secretary of Labor was to be given wide authority to assess the nation's manpower requirements, utilization and

development.

The Administration's Manpower Development and Training bill was introduced in the Senate by Sen. Joseph Clark (D-Pa.) and in the House by Rep. Elmer Holland (D-Pa.) (S. 1991 and H.R. 7373). President Meany testified before the Holland Subcommittee, terming the bill "an investment in our human resources."

The Senate Labor Committee reported a bill establishing a four-year, \$650,000,000 program for training and retraining of unemployed workers, to be jointly financed on a 50-50 basis by the federal government and the states after the second year. The major substantive changes made in the bill by the committee were to limit the training allowance to heads of families with at least three years' work experience; provide for special programs of employment guidance and counseling of youth between the ages of 16 and 21; give priority in receiving the benefits to the act to unemployed persons, including those in farm families with less than \$1,200 net family income; and to establish a National Advisory Committee consisting of 10 representatives of labor, management, agriculture, education, training, and the public in general, to make recommendations to the Secretary of

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Labor with respect to the carrying out of his duties under the Act. Unfortunately, the relocation allowance provision of the Administration's proposal, which would have helped the long-term unemployed to move to areas of job opportunities, was

dropped from the bill.

The Manpower Development and Training bill was passed in the Senate virtually unchanged, by a vote of 60 (44 Democrats and 16 Republicans) to 31 (14 Democrats and 17 Republicans). The Senate defeated, by a vote of 44 (41 Democrats and 3 Republicans) to 43 (13 Democrats and 30 Republicans), an attempt by Republican senators, led by Sen. Winston L. Prouty (R-Vt.), to cut back the program to two years with a total authorization of \$255,000,000.

The House Labor Committee reported a new bill, H.R. 8399, providing for a two-year program of training. The bill omitted the Senate bill's provisions for priority for low-income farm

families and for youth.

Further consideration of the Manpower Development and Training program, however, was postponed until next year by the House Rules Committee.

Medical Education and Research Social Security Section Page 139

Migratory Workers

Substantial pressures to alleviate the poor living and working conditions of domestic migratory farm workers were created last year during hearings held by the Senate's Subcommittee on Migratory Labor, chaired by Sen. Harrison Williams (D-N.J.).

This year, five Williams bills passed the Senate. They would: tighten child labor protections (S. 1123), provide educational opportunities (S. 1124), require registration of crew leaders (S. 1126), improve public health services for migrants (S. 1130), and establish a National Citizens Advisory Council on Migratory Labor (S. 1132).

H.R. 7812, introduced by Rep. Herbert Zelenko (D-N.Y.), providing for the registration of crew leaders, is now pending

before the House Rules Committee.

Minimum Wage National Economy Section Page 95

National Aeronautics and Space Administration

P.L. 87-98 provided the full budget request of \$970 million for the National Aeronautics and Space Administration, which is charged with research and development in projects related to outer space.

National Defense Education Act Worker and the Community Section Page 147

National Labor Relations Board—Taft-Hartley

In March 1961 the House Labor Committee established a Subcommittee on the National Labor Relations Board, under the chairmanship of Rep. Roman Pucinski (D-III.), to conduct a study of the operations of the board and its administration of the Labor Management Relations Act, 1947, as amended. This subcommittee conducted an intensive investigation of the Washington and field activities of the board and from May 8, 1961 through June 29, 1961 held public hearings, at which it received detailed testimony on deficiencies in board procedures and inequities in the act and its administration from spokesmen for unions, employer organizations, attorneys representing unions and em-

ployers, and labor-management experts.

In September 1961 the subcommittee issued an 84-page report containing a detailed analysis of its hearings and a summary of its findings and conclusions, on: (1) the problem of delay in deciding representation and unfair labor practice cases; (2) enforcement of board orders; (3) procedures of the general counsel in issuing or denying issuance of complaints in unfair labor practice cases; (4) inequities in the use of the injunctive remedy by the general counsel; (5) the "free speech" problem, including the use of "race hate" speeches; (6) anti-union community pressures; (7) determination of the appropriate bargaining unit; (8) the board's policy-making function; (9) recommendations for changes in the board's rules of practice;

and (10) organization and management of the board.

The subcommittee has proposed, among other things (1) board adoption of "pretrial" investigatory techniques to reduce delays due to dilatory tactics in representation cases and greater delegation of authority to trial examiners in unfair labor practice cases; (2) legislation to make board orders self-enforceable. subject to judicial review on petitions filed within 30 days of the order; (3) legislation to require the general counsel to issue a complaint in any unfair labor practice case whenever he has reason to believe a violation may have occurred and to serve on the charging party a summary of his reasons for refusing to issue a complaint whenever he declines to do so; (4) legislation to make use of section 10(l) discretionary with the board, and to permit injunctions under section 10(j) whenever the board finds reasonable cause to believe an unfair labor practice is continuing and will be continued unless restrained and will cause irreparable property damage or personal injury or injury to the exercise of rights guaranteed by section 7; and (5) re-examination by the board of its Livingston Shirt doctrine with an eve to adopting a policy of equal opportunity for both the union and the employer in presentation of issues.

NLRB Reorganization

One of organized labor's major grievances against the National Labor Relations Board has been the board's delay in handling unfair labor practice cases. In some instances, this delay has been as much as 18 months from the filing of the complaint until a final order is handed down. Such delays have been highly injurious to union members and their union as well as to fair

employers.

In an effort to speed up board processes, President Kennedy submitted to Congress Reorganization Plan No. 5, under which the board would have been empowered to delegate to its trial examiners power to make final decisions in unfair labor practice cases, subject to a discretionary right of review by the board. Unfortunately, the plan was subjected to criticism because it had been too broadly drawn. This helped employer groups who fought the plan with vigor in the House.

On July 20, 1961 the House voted to reject, and thus killed, Reorganization Plan No. 5. The vote was 231 (78 Democrats and 153 Republicans) to 179 (167 Democrats and 12 Republicans).

Peace Corps

On March 1, 1961 President John F. Kennedy, by executive order, established the Peace Corps on a temporary pilot basis, operating in the Executive Office of the President. Legislation to place the corps on a permanent basis was introduced into Congress in June 1961. The bill as introduced provided for recruitment of teachers, mechanics and other skilled citizens in the United States to go to underdeveloped nations which needed their skills, and work alongside the peoples of those nations or in constructive projects to provide these peoples with the training necessary to enable them to acquire such skills. The bill authorized an appropriation of \$40 million for the operation of the corps in fiscal year 1962.

The concept embodied in the Peace Corps legislation represents one of the Kennedy Administration's most important innovations in the foreign policy field. The AFL-CIO strongly supported the establishment of the Peace Corps and its continuation on a permanent basis in testimony before the congressional committees considering the bill, stressing the importance of placing emphasis on the recruitment of corpsmen who could teach basic skills needed by the peoples of the countries to

which they were assigned.

The basic Peace Corps legislation went through both the Senate and the House virtually unchanged, and President Kennedy signed the bill on September 22, 1961 (P.L. 87-293). In the final Foreign Assistance Appropriations Act of 1961, \$30 million was appropriated for the operations of the Peace Corps during fiscal year 1962.

Public Works

One of the most constructive and urgently needed measures introduced in the 87th Congress—the Emergency Employment Acceleration Act of 1961 (S. 986), introduced by Sen. Joseph Clark (D-Pa.)—failed to obtain Administration support.

This proposed act would provide federal matching funds so that the construction of urgently needed state and local public works in a "ready-to-go" state could be quickly initiated during periods of high unemployment. However, when the jobless rate returned to a tolerable level, new grants would terminate. This permanent standby legislation would also empower the President to accelerate public works construction whenever the business cycle started downward and abnormal unemployment again threatened.

Under the terms of S. 986, the President would be empowered to contract for \$500 million in grants to the states and localities for projects which can be quickly begun and completed over a reasonably short period (preferably not more than one year) and which are not aided by federal money provided by other acts of Congress.

The federal share of any project would be limited to 45 percent of the cost. Furthermore, every project would be required to represent a net increase in the level of public works expenditures and could not be substituted for funds that otherwise would be provided locally.

In addition, the President would be empowered, after consultation with the Council of Economic Advisers, to increase the amount up to a maximum of an additional \$500 million if he determines it necessary in order to accomplish fully the objectives of the bill.

Passage of S. 986 would induce maximum public works expenditures in periods of high unemployment when the economy would most need this kind of stimulus. On the other hand, authority to make grants would cease when the national seasonally adjusted unemployment rate falls to 4 percent of the civilian labor force.

On May 17, President Meany appeared as the opening witness and vigorously supported this measure. Unfortunately, although the unemployment rate stood at 6.9 percent, the Secretary of Labor opposed enactment of the bill for budgetary reasons, although supporting it in principle. Subsequently, the President informed Senator Clark that if unemployment remains high and a national security crisis does not intervene, he will support the measure in January 1962.

For many years, the acceleration of public works during recessions and their curtailment during recovery has been widely viewed to be an essential part of a national economic stabilization program. As a matter of fact, over 10 years ago, Congress began providing federal funds to help the states and localities plan ahead with a "shelf" of public works in order to be ready to meet the contingency of recession.

The next logical step is to pass legislation that will help these governments finance accelerated public works construction once an unemployment emergency has arisen. If stand-by legislation like S. 986 had been on the books, the President would have had the authority to speed up public works outlays substantially last winter and thus help check the downturn. Unfortunately, during our fourth post-World War II recession, no such authority existed.

Railroad Legislation

Of major concern to railroad labor has been the decision by a number of railroad managements to seek to enlarge their profits at the expense of the general public by drastically curtailing railroad service and facilities through mergers, consoli-

dations and combination of rail properties.

To give Congress time to consider the need for reshaping the national policy in regard to railroad mergers, Rep. John Bennett (R-Mich.) introduced H.J. Res. 355, and a similar resolution, S.Res. 150, was introduced by Sen. Hubert H. Humphrey (D-Minn.). The House and Senate resolutions differ slightly. The former would suspend the power of the Interstate Commerce Commission to approve future consolidations, unifications, mergers or acquisition of control of railroad corporations until December 31, 1962 and would again place the provisions of the anti-trust laws applicable to mergers or consolidations in full force and effect during the period of suspension of the commission's authority in this area.

The Senate measure would merely urge the Interstate Commerce Commission to "act with extreme caution and full deliberation and to refrain from granting approvals unless it is fully convinced that such mergers would definitely be in the interest of better service to the public, would safeguard the needs of the national defense and the postal service, and would conform to the long-range transportation needs of our country." No

action was taken in the first session.

Passenger Train Service Bill

The wholesale destruction of the nation's railroad passenger service which began shortly after the enactment of the passenger train abandonment provisions of the Transportation Act of 1958 has continued at an alarming rate. Although hearings were held in 1960 on legislation intended to correct the situation, it remained bottled up in committee and died without Con-

gress having a chance to vote upon it.

S. 1670, introduced by Sen. Warren Magnuson (D-Wash.) of the Senate Commerce Committee, would amend the Transportation Act of 1958 by providing that the same procedures as those which have long applied to line abandonments must be followed in connection with passenger train discontinuances.

Railroad Safety Bill

The mounting level of deaths and injuries sustained by railroad workers in accidents which have cost the railroads hundreds of millions of dollars annually in recent years has led to AFL-CIO support of a new railroad safety bill in an effort to reduce

the toll of human suffering and economic waste.

H. R. 4974, introduced by Rep. Thomas L. Ashley (D-Ohio), and S. 1669, introduced by Sen. Magnuson, would require the ICC to prescribe rules, standards and instructions for the installation, inspection, maintenance and repair of certain parts of railroad cars, particularly wheels, underframes and journals, and would also require railroads to maintain tracks, bridges, roadbed and permanent structures in safe and suitable condition. No hearings were scheduled on this legislation in the first session.

Railroad Retirement and Railroad Unemployment Insurance

Concerned over the record levels of unemployment which have prevailed in the railroad industry in recent years, Congress early in the first session passed a bill providing up to 13 weeks of temporary extended unemployment benefits to unemployed railroad workers who exhaust their normal benefits under the Railroad Unemployment Insurance Act. The temporary benefits provided in this measure are payable for unemployment in the period starting April 8, 1961 and ending March 31, 1962. They also may be paid for unemployment occurring in the following three months, if the worker is entitled to such benefits before April 1, 1962.

Later in the session, having first passed separate legislation liberalizing social security benefits on a similar basis, Congress passed an amendment to the Railroad Retirement Act to provide reduced annuities to men who have attained the age of 62 and who have less than 30 years of service, and making certain minor improvements in spouses, benefits to bring them in line

with provisions of the social security act.

Hours of Service Bill

This legislation, introduced by Rep. Morgan Moulder (D-Mo.), would make it unlawful for a railroad to require or permit an employe who has been on duty continuously for more than 14 hours to continue on duty, or to go on duty until he has had at

least 10 consecutive hours off duty. It also would require carriers to give employes at least eight consecutive hours off duty in any 24-hour period. Crews of relief or wreck trains would be permitted to remain on duty for a longer period than is otherwise permitted when necessary to clear the track at the scene of a wreck, but only until such time as the track is cleared suffi-

ciently to permit movement of trains.

Employes who by the use of telegraph, telephone, radio or any electrical or mechanical device direct or control the movement of a train or trains or other mobile equipment would not be allowed to remain on duty for more than nine hours, whether consecutive or in the aggregate, in any 24-hour period in any office, tower, station or place where two or more shifts are employed, or for more than 11 hours in any 24-hour period where only 1 shift is employed. Carriers or officials violating these provisions would be liable to a fine of not less than \$500 nor more than \$1,000 for each and every violation.

The enactment of this legislation is deemed necessary in order to reduce fatigue among railroad workers now working overly long hours. It would help check the mounting toll of accidents

on the railroads.

Railroad Rate-Making Legislation

The AFL-CIO opposed legislation introduced early in the session which would have amended the Interstate Commerce Act provisions on rate making where transportation between different modes of transportation is involved. Aimed primarily at destroying the railroads' growing "piggybacking" operations, the measures would have prevented the railroads from lowering rates if they were shown to affect truck and water carriers adversely. Two efforts to report the bill to the floor were defeated in the Senate Commerce Committee.

Rule 22

Civil Rights Section Page 174

Situs Picketing

The Supreme Court's interpretation of the Taft-Hartley Act in the Denver Building Trades case (1951) holds that picketing at a multi-employer job site which causes employes of an employer not directly involved to refuse to work constitutes an unlawful secondary boycott.

In 1960, a bill introduced by Rep. Frank Thompson (D-N.J.), H.R. 9070, was reported by the House Labor Committee, but blocked by the Rules Committee. It would have permitted con-

struction unions to picket at multi-employer job sites.

Similar measures were introduced in the 87th Congress by Rep. Thompson (H.R. 2955) and Sen. Pat McNamara (D-Mich.), (S. 640). Hearings were held by a House subcommittee, which reported several bills to the full committee, where no further action took place.

Social Security, OASDI Social Security Section Page 121

Tax Policy

During the course of the last two years constructive and flexible federal tax policies could have ameliorated the 1960-61 recession, reduced America's balance of payments deficit, and yielded greater revenue to meet national defense and other public service costs. At the same time, some progress should have been made toward the reduction of long-term inequities in the federal tax structure. Unfortunately, no significant steps in any of these directions have been taken.

Soon after the new Administration took office, however, certain broad tax reforms were suggested by the AFL-CIO and others by President Kennedy. Because of their importance, the

nature of these proposals require a brief explanation.

Last winter, as the unemployment rate was mounting rapidly, the AFL-CIO strongly urged Administration consideration of a temporary three-month tax cut as a means to quickly stimulate family spending, raise production and sales, and increase employment. It was our view then, and continues to be our view, that presidential authority to quickly raise family consumption by a temporary tax cut is the most effective way—when used in conjunction with other measures—to rapidly counter a business downswing and stimulate recovery.

Flexible use of the federal taxing power in relation to business cycle needs—a temporary cut in levies during a slump and their increase during periods of full employment and theatened inflation—is increasingly being recognized as a vitally important economic tool. Its use, in fact, was a major recommendation of the recent report of the Commission on Money and Credit, a study which reffects the consensus of a diverse and highly re-

spected group of leading Americans.

Although this proposal has not yet been endorsed by the new Administration, it will continue to be supported by the AFL-CIO because its implementation is essential to the achievement of long-range economic stability and growth.

Kennedy Tax Proposals

In a special tax message last April, President Kennedy asked Congress to act immediately in other directions. He asked for (1) the ending of preferential tax treatment of income earned by Americans abroad, (2) the closing of certain other existing tax loopholes, and (3) the use of the income recovered by these

two points for a special tax incentive credit to business to stimulate modernization and expansion. The AFL-CIO vigorously supported the first two of these Administration proposals

and opposed the third.

In its first proposal the Administration sought to end special tax deferral privileges now unjustifiably enjoyed by American corporations operating overseas, to eliminate their additional opportunity to transfer profits to "tax havens" in certain countries in order to avoid tax liabilities to the United States and to end certain other tax loopholes now enjoyed by Americans and

American companies operating overseas.

Continuance of these tax privileges involves far more than a loss of \$250 million in revenue by the U. S. Treasury every year. Even more important, their continuance artificially encourages mushrooming foreign investments—mostly in already industrialized countries—and, in turn, the loss of thousands of jobs by American workers. Moreover, these tax inducements—because they encourage the sending of hundreds of millions of dollars overseas each year for investment and because the profits they earn so largely escape the tax collector—substantially increase this country's balance-of-payments deficit.

Although AFL-CIO and many other groups strongly supported the Administration's effort to close these extremely harm-

ful tax loopholes, Congress failed to act.

Second, the Administration asked the Congress to (1) subject income from interest and dividends to tax withholding in the same way it now withholds income from wages and salaries, (2) repeal the thoroughly unjustified dividend credit and exclusion enacted during the Eisenhower Administration, (3) end some of the most glaring misuses of the personal expense account racket, and (4) subject profits from the sale of depreciable business property to the tax rates for ordinary income instead of the preferential capital gains tax rate.

These four tax loopholes alone cause a loss to the U. S. Treasury of about \$1.5 billion every year. Although they account for only a small part of the more than \$17 billion annual revenue loss resulting from unjustified tax privileges now allowed under federal individual and corporate income taxes, closing these four loopholes in 1961 would have marked a significant

step towards achieving tax equity and raising revenues.

Unfortunately, although AFL-CIO and many others joined the Administration in assailing these loopholes, Congress did

not act.

Finally, the Administration sought Congressional approval to spend the entire \$1.7 billion it hoped the Treasury would recoup by closing the above tax loopholes, to provide a tax credit for American business which it hoped would encourage expanded private investment.

Tax Credit Plan Opposed

It is the view of the AFL-CIO that this expensive inducement is without justification. In the first place, there is ample evidence that investment in plant and equipment expands essentially when profitable sales can be anticipated based on rising demand. A tax inducement gimmick might temporarily stimulate, but it could not long sustain expanded investment. Furthermore, there is no evidence that American business as a whole lack funds of its own for investment purposes, or access to them from other sources. Finally, most of the \$1.7 billion tax bonus would "reward" investment that would have occurred anyhow or which would make no significant contribution to priority national needs. In the case of this poorly conceived tax proposal, Congress properly refued to act.

In his April special tax message, President Kennedy promised to place a comprehensive tax reform program before Congress

in 1962.

Although world events may make the hope of over-all tax reduction for next year less achievable than appeared possible last spring, public discussion about critically needed and too long delayed tax reform is timely.

The shape of the tax reform that will occur if the business community has its way is foretold by a bill regularly introduced by Rep. A. Sydney Herlong (D-Fla.) and Rep. Howard Baker (R-Tenn.), and which is enthusiastically endorsed by the NAM.

The proposed measure is a rich man's delight.

Over a period of five years, this bill would cut the top bracket tax rate (on taxable incomes of over \$200,000) from 91 percent to 47 percent, or almost 50 percent, and the levy on most incomes of \$16,000 and up by over 50 percent. In contrast, the rate on taxable income in the first bracket—from \$1 to \$2,000—would be cut only 25 percent. No increase in the presently inadequate dependent's allowance is proposed at all. Total individual income tax cuts, with the principal benefits going to higher income families, would approximate \$11 billion.

The Herlong-Baker bill also would grant a five point cut in the corporate tax rate for a revenue loss of an additional \$2 billion. Another \$4 billion loss would be incurred through further increases in business depreciation allowances, reduction of estate and gift taxes, and further liberalization of the capital gains tax.

While the Herlong-Baker proposal would be cutting federal revenue by about \$17 billion—to the substantial advantage of families who are already the most affluent—no concurrent closing of tax loopholes, which mostly benefit these same families, is being proposed. If federal revenue, as a consequence, is insufficient, the institution of a national sales tax continues to be strongly urged by many business spokesmen. As another alternative, federal civilian services could be cut.

Essentially, tax "reform" for the supporters of Herlong-Baker is an effort to redistribute family income in a manner which will make the well-off wealthier and, at the same time, raise the proportionate tax share of those least able to pay. This objective is obscured, of course, by the claim that federal taxes now confiscate the income of the wealthy and thus destroy the ability to save and the incentive to invest.

Income Distribution

That these assumptions are fallacious is suggested by income distribution studies, savings, statistics and other relevant facts. In 1960, for example, the top 6 percent of our families received 22 percent of all personal income,—a total of \$86 billion, not counting capital gains. In 1959, the latest year reported, the effective federal tax rate on the wealthiest 5 percent of our families actually was less than 20 percent.

There is no evidence that the wealthy are suffering drastically, either before or after taxes. Similarly, the implication of the Herlong-Baker proponents that the rich must become far richer fapital for business growth is to be accumulated, is belied by the fact that substantial funds are now available for investment expansion in the hands of corporations, savings institutions, and

in private accounts.

It is the AFL-CIO view, and many economists concur, that tax reform should particularly seek to increase the ability of lower income families to raise their personal consumption. This is viewed to be a priority need not only for humane considerations but also to broadly stimulate the total demand for goods and services upon which higher production and employment and new and profitable opportunities for capital investment must depend.

In the face of present world tensions and rising public civilian needs, tax reform cannot be achieved by lubricating it with tax reductions which would cut total revenue yield. It can be accomplished, nonetheless, without loss—and, perhaps, gains—to

the U.S. Treasury.

In 1962 Congress should eliminate the unjustifiable loopholes which provide an unconscionable advantage for the few, reduce tax collections by billions, and undermine public support for the American tax system, and allocate a substantial part of the increased revenue to a downward realignment of the income tax rate structure and liberalization of the exemption for dependents. Changes in the rate structure must not, however, destroy its basic progressivity as proposed by the Herlong-Baker bill.

The AFL-CIO hopes that this kind of tax reform proposal will be made to Congress by the Administration early in 1962 and will

be enacted.

The second session of the 86th Congress opened with a determined drive toward restoring equity to the federal tax structure by closing tax loopholes. But very little progress was made.

Serious attempts were made in the Senate to close some of these loopholes. An amendment offered by Sen. Eugene Mc-Carthy (D-Minn.) to repeal the tax credit on dividend income was voted on three times in three separate bills and adopted twice. Both times the amendment was removed in a House-Senate conference.

Another amendment offered by Sen. Joseph Clark (D-Pa.) to close the business expense loophole also passed the Senate but was lost in conference.

On the other hand, Congress in 1960 passed H.R. 12381, which extended for another year corporation income and excise tax rates (Public Law 86-564). The bill also authorized a temporary one year increase in the public debt ceiling from \$285 billion to \$293 billion, as requested by President Eisenhower.

Again in 1961, Congress extended for one year the existing

corporate excise tax rates (Public Law 87-72).

The unwillingness of Congress to approve any tax cuts for the general taxpayer in 1960 did not prevent the legislators from enacting several other bills embodying tax relief for small groups of taxpayers. These were:

Cabaret Tax

Public Law 86-422, approved in 1960, reduced the cabaret tax from 20 to 10 percent. The reduction was strongly backed by the AFL-CIO because of its effect on employment of musicians and other entertainers. The tax is a levy on food served in the presence of live entertainment, and the high tax rate effectively prevented the employment of thousands.

Medical Expenses

Public Law 86-470 amended the law limiting deductions for medical expenses to 3 percent of gross income for taxpayers under 65, to permit such taxpayers unlimited deductions for medical expenses incurred in behalf of dependent parents 65 or over—a benefit already available to taxpayers themselves 65 or over.

Important Tax Bills Considered

H.R. 5, a bill to amend the Internal Revenue Code of 1954 to encourage private investment abroad, was reported with amendments by the House Ways and Means Committee February 19, 1960. The bill would authorize special priviliges for certain types of investment by American firms abroad.

The AFL-CIO successfully sought amendments to the bill which limited the preferred tax treatment to businesses operating in specified underdeveloped countries and meeting fair labor standards. The House passed H.R. 5, but it failed to reach the Senate floor.

Senate floor.

Self-Employed Individuals Retirement Act of 1961

H.R. 10, which passed the House in the 86th Congress but did not receive final Senate action, was passed by the House again

this year.

The bill was opposed by the AFL-CIO and by both the Kennedy and Eisenhower Administrations. As passed by the House, H.R. 10 would permit self-employed persons to take a tax deduction on their contributions to retirement plans whether or not they established retirement plans for their employees. The Senate Finance Committee reported the bill, but included amendments granting the deduction only if all their employes with at least three years' service are covered on the same basis. No further action was taken.

Third Party Suits

In the 86th and 87th Congress legislation was introduced to provide for limitation of liability for vessel owners in suits by third parties based upon the warranty of seaworthiness. To accomplish this objective, Rep. Herbert C. Bonner (D-N.C.) intro-

duced H.R. 207.

H.R. 207 would sharply limit the historic responsibility which shipowners owe to all persons other than the crew. Its principal purpose is to free shipowners from liability for injuries to long-shoremen employed by stevedoring companies to load and unload cargo and ship repairmen employed by outside firms. This would artificially and unfairly draw a distinction between the rights of seamen and these others.

The House Merchant Marine and Fisheries Committee conducted hearings on H.R. 207 on June 26-28. Hearings are still open and will continue in the next session of Congress. The AFL-CIO will testify next year in opposition to this legislation.

Transportation

The 41,000-mile Interstate and Defense Highway System, inaugurated in 1956, was given further financial backing under Public Law 87-61. The AFL-CIO supported the original act and its section incorporating Davis-Bacon Act provisions for construction purposes.

This year, a presidential message was submitted to the Congress calling for a full one percent additional federal grant to those states adopting anti-billboard provisions for interstate

highways.

The President also called for extension of federal gasoline tax rates and new levels on tires, tubes and trucks so that the Interstate System would be completed on schedule. P.L. 87-61 included these provisions. The new law assures continued employment on highway construction projects.

Attempts to provide adequate federal aid for needed airport construction throughout the country met with success in the 87th Congress. During the previous Congress, an airport construction measure had been vetoed by President Eisenhower.

In P.L. 87-255, the Congress provided \$75 million annually for five years to help states and local communities to build or improve airports for the jet age. Like the highway bill, this measure will help to alleviate unemployment problems.

Transportation of Hazardous Materials

Transportation of many new products, including radioactive materials and new chemical compounds, has substantially increased dangers to the public and especially to firefighters. P.L. 86-710, endorsed by the AFL-CIO, provides for safety regulation in transportation and storage of hazardous materials.

Treasury Borrowing Authority

The issue of how federal programs are to be financed arose recurrently throughout the first session of the 87th Congress. Liberals sought to permit financing of federal loan programs administered by the Housing and Home Finance Agency, the Area Redevelopment Administration, and the Agency for International Development (administering the Development Loan Fund) by authorizing direct borrowing from the Treasury. Conservatives demanded that funds for these programs be recommended by the Appropriations Committees and appropriated annually by Congress.

The source of the dispute was the fact that many programs approved by the full Congress in the past had been crippled in subsequent years by the Appropriations Committees, which often failed to recommend adequate funds. This year, liberals were successful in giving Treasury borrowing authority to HHFA and ARA, but were defeated in their effort to give similar power to AID.

In the final days of the session, however, the conservatives won their victory, at least for fiscal year 1962. Conferees on the supplemental appropriations bill wrote in language preventing Treasury financing for this fiscal year. The House adopted the conference report in the early hours of the last day, and then adjourned.

The Senate, unwilling to accept this sleight of hand, complained loudly, but because the House had already gone home had to adopt the report.

Earlier, the House Rules Committee had rejected a resolution sponsored by Rep. Thomas M. Pelly (R-Wash.) which would have prevented the House from approving any Treasury financing.

Unemployment Compensation Social Security Section Page 127

Union Rights

The first session of the 87th Congress considered two bills which could have had seriously harmful effects on unions. The harmful feature of one of these bills was omitted before the bill was finally passed, and no final action was taken on the other bill.

One of the two bills referred to was a measure to extend to commercial communications facilities existing criminal prohibitions against willful or malicious injury, interference or destruction of government-operated or controlled facilities (P.L. 87-306). In its original form this bill could have imposed substantial limitations on the right of communications workers to strike or engage in other concerted activities for purposes of collective bargaining or other mutual aid or protection.

The AFL-CIO opposed the bill in this form and was successful in persuading the Congress to include in the bill language safeguarding such rights for employes employed in connection with

commercial communications facilities.

The Senate Judiciary Committee reported, and the Senate passed legislation in 1961 to permit the compelling of testimony and the granting of immunity in investigations of violations of the Hobbs Act and Section 302 of the Taft-Hartley Act (S. 1655). Violations of these two statutory provisions are often brought to light in the same investigation, according to the Department of Justice, and the Department sought the legislation in order to be able to "compel the testimony of the least culpable person and perfect prosecution against the person most responsible for the illegal act."

The AFL-CIO opposed this legislation on the ground that no sufficient need had been shown for the bill and that the bill was unsound in principle and undermined the constitutional protection agaist self-incrimination. Following Senate passage of the bill, further action on the measure was blocked by the House

Judiciary Committee.

Veterans Legislation

The current defense build-up has focused attention on the

problems of veterans and sparked congressional action.

P.L. 87-102 would avert loss of job rights for those in the service who extend their enlistments voluntarily. Until now, an enlistee lost his reemployment rights after four years of military duty, unless he was retained in service involuntarily. The new law extends this period for four years from August 1, 1961.

S. 349, introduced by Sen. Ralph Yarborough (D-Tex.), would extend education and training benefits under the GI Bill of Rights to post-Korean veterans. The bill has been reported to

the Senate.

In the last Congress, the AFL-CIO supported P.L. 86-4, which extended the Selective Service Act for four years.

Walsh-Healey Public Contracts Act

The Walsh-Healey Act calls on the Secretary of Labor to determine the prevailing minimum wage in industries which perform work for the government, and requires that government contracts for more than \$10,000 then go only to companies whose minimum wages meet their industry's prevailing standard.

The act has continued to be applied in only limited fashion, however, with the result that many workers on government work are paid wages below the minimums actually prevailing in their

industry.

The basic problems are that (1) the procedure for determining a prevailing minimum is too cumbersome and protracted, (2) the determinations are set too low initially and then quickly become outdated with no procedures for reasonably prompt updating, (3) there has been an increasing tendency to subdivide industries into fine breakdowns with separate determinations for each, thereby increasing the administrative complexity and time delays of determination procedures, and (4) no recent determinations whatever have been made for most industries with which the government does business.

Late in 1961, the Secretary of Labor acknowledged the problem of procedural delay and announced that he was taking steps to expedite and improve the minimum wage determination procedures by shortening the time involved from the current average of two to three years or longer to less than one year, so as to "make the determinations more accurate and assure workers a

more current minimum wage rate."

During the last two years, the following determinations have been made of minimum wages applicable on government contracts: Evaporated milk, \$1.68; tires, \$1.77; electron tubes, \$1.42 for tubes, \$1.35 for semi-conductors; paper and paper-board containers, \$1.20 to \$1.53 for various product groups; metal business furniture, \$1.43; photographic and blueprinting equipment, \$1.52; electronic component parts, \$1.23; paper and pulp, \$1.54 to \$1.75 for various product groups; manifold business forms, \$1.39, and miscellaneous chemicals, \$1.42 and \$1.80 for two product groups.

Industries in which hearings have long been completed and a final determination due shortly are fabricated structural steel.

office machines and industrial chemicals.

In addition, hearings were held in the fall of 1961 on machine tools, electronic equipment, motors and generators, and drugs and medicines. Proceedings are also in process for electric lamps, scientific instruments, pumps and compressors, engines and turbines, and conveyors.

The AFL-CIO research staff has aided and worked closely with

affiliated unions in these industries to provide a coordinated presentation in each of these Walsh-Healey proceedings.

Welfare and Pension Plans

In August 1958 Congress passed the Welfare and Pension Plans Disclosure Act. This legislation was largely the result of growing awareness of the rapid and enormous growth and financial importance of plans providing pension and welfare benefits, and the uncovering of substantial abuses in the administration of these plans by subcommittees of the Senate Labor and Public Welfare Committee headed by former Sen. Irving Ives (R-N.Y.) and Sen. Paul H. Douglas (D-Ill.) during the 83rd and 84th Congress.

The Senate-passed bill gave the Secretary of Labor broad authority to insure compliance with the bill's disclosure requirements, with powers to prescribe rules and regulations, make investigations, and seek federal court injunctions to prevent violation of such requirements. Thefts and kickbacks were made federal crimes carrying heavy penalties. This Senate bill had

the active endorsement and support of the AFL-CIO.

The House bill, however, eliminated most of the rule-making and enforcement powers given to the Secretary of Labor under the Senate bill. The secretary became little more than a depositary for the plan descriptions and reports to be filed under the bill and enforcement was left largely in the hands of plan beneficiaries who could bring suits in the federal courts to enforce the reporting requirements.

The bill produced by the joint Senate-House conference committee following House action on the legislation was essentially

the House bill.

In May 1961 President Kennedy recommended enactment of legislation to improve and strengthen the Welfare and Pension Plans Disclosure Act of 1958 substantially along the lines of the Douglas bill as it was passed by the Senate in 1958. Representatives Neal Smith (D-Iowa) and Adam Clayton Powell (D-N.Y.) introduced the Administration bill in the House. Following public hearings in May and June 1961 before its Special Labor Subcommittee, under the chairmanship of Rep. James Roosevelt (D-Calif.) at which spokesmen for the AFL-CIO testified in support of the Smith-Powell bill, the House Labor Committee submitted a favorable report on such legislation.

Unfortunately, the bill failed to get clearance for floor debate from the House Rules Committee and when an effort was made to pass the bill under suspension of the rules, requiring a two-thirds vote, the vote was 245 (174 Democrats and 71 Republicans) for to 161 (67 Democrats and 94 Republicans) against. Failing to get the necessary two-thirds majority, the bill remains

on the calendar and may be brought up again next year.

In the Senate brief hearings were held before the Senate La-

bor Subcommittee, headed by Sen. Pat McNamara (D-Mich.). Testimony in support of a strong bill was presented on behalf of the AFL-CIO by Secretary-Treasurer Schnitzler. Legislation introduced by Sen. McNamara along the lines recommended by the Administration was favorably reported by the Senate Labor and Public Welfare Committee but was not acted upon by the Senate.

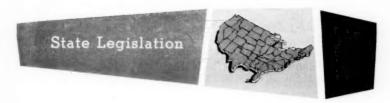
Youth Conservation Corps

High unemployment and lack of skills among youthful workers, plus a growing need for restoration and improvements in our parks and forests created strong pressures for the establishment of a Youth Conservation Corps, based on the idea of the CCC of New Deal days.

In 1960 a bill introduced by Sen. Hubert H. Humphrey (D-Minn.) was passed by the Senate, but was not considered by the

House.

This year, with the support of President Kennedy, another Humphrey bill (S. 404) was reported to the Senate. The House Labor Committee reported H.R. 8354, introduced by Rep. Carl Perkins (D-Ky.), a bill to provide on-the-job training for young workers, and establishing a Youth Conservation Corps. This bill is pending before the Rules Committee.



Regular sessions of state legislatures were held in 22 states and Puerto Rico in 1960, with several of the sessions restricted entirely or primarily to consideration of budget matters. They were: Alaska, Arizona, California, Colorado, Delaware, Georgia, Hawaii, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Mississippi, Nevada, New Jersey, New York, Pennsylvania, Rhode Island, South Carolina, Virginia and West Virginia.

In 1961 the legislatures of all states met. All of them with the exception of Kentucky, Mississippi and Virginia had adjourned at the time this report was prepared.

Industrial Relations

1960 Sessions

The New York Labor and Management Improper Practices Act was amended by specifically excluding the state and its political subdivisions, as employers, from the act. However, labor organizations of public employes were specifically included. Certain non-profit organizations were exempted from the financial reporting and accounting standards requirements.

A Massachusetts act authorized cities and towns to enter into collective bargaining agreements with labor organizations rep-

resenting their employes (except police officers).

Mississippi, in addition to adopting a "right-to-work" amendment to its constitution that was identical with the legislative act already in effect, enacted a law prohibiting an alien, a member of the Communist Party, or a person convicted of certain crimes from acting as an official of a labor union or as a labor relations consultant. The prohibition is applicable for five years after termination of Communist Party membership or after conviction of the crime.

1961 Sessions

Bills for state labor relations acts were introduced in 12 states not having this type of legislation. So far, only the North Dakota bill has passed. This act is a "Taft-Hartley" type law, guaranteeing employes the right to organize and bargain col-

lectively or to refrain from such activities, and setting unfair labor practices for both employers and employes.

Oregon passed an act with one feature of a labor relations act, setting up procedures for representation, creating a three-member State Labor Management Relations Board to administer it. In addition, Oregon passed a special labor relations act for nurses employed in health care facilities.

Rhode Island enacted a "Fire Fighters' Arbitration Act" to ensure the right of firemen to organize and bargain collectively.

Anti-Strikebreaker Laws

In 1961 about 30 states introduced bills or amendments to prohibit placement or importation of strikebreakers. Laws were passed in Delaware, Maryland, New Jersey and Washington. The New Jersey law also prohibits the importation or supplying of persons who would, by force or violence or threats, interfere with the right of employes to join unions or engage in collective bargaining.

Minimum Wage Laws

1960 Sessions

New York replaced its former minimum wage act by a new law providing a statutory minimum of \$1.00 an hour. The law authorizes wage board procedure, similar to that provided formerly, under which higher rates may be set for particular occupations. It extends coverage to 700,000 workers in the State who had not been covered by either a state minimum wage order or by the federal Fair Labor Standards Act.

The Massachusetts legislature requested the Department of Labor and Industries to investigate whether special wage provisions would encourage the employment of physically handicapped and aging workers, and also to make recommendations on a proposed bill to extend coverage of the minimum wage law to professional service and farm work. The Massachusetts minimum wage law requiring payment of minimum wages for public works was amended to specify that payments to pension plans under collective bargaining agreements must be included in determining the minimum rates.

Louisiana amended its wage garnishment law, raising from \$60 to \$100 per month the minimum amount of wages exempt from garnishment. The Virginia wage garnishment law was amended to delete the exemption of \$15 a month for each dependent child, which had been in addition to the basic exemption. The Virginia law was extended to women. Formerly, it applied only to any "laboring man."

Washington and Connecticut raised the statutory minimum rates in their minimum wage laws. The Washington rate of \$1.15 an hour, formerly \$1.00, became effective June 30 and goes to \$1.25 beginning January 1, 1962. The Connecticut rate was raised from \$1.00 to \$1.15, effective October 1, 1961 and goes to \$1.25 on October 1, 1963.

Pennsylvania repealed its wage payment law and enacted a new one. As before, regular paydays are required. The new provisions of the law protect the worker in specifying the time within which payment must be made to employes separated from the payroll; provides for liquidated damages in certain instances and authorizes the labor department to take assign-

ments of wage claims for collection.

The Oregon wage payment law was amended to apply to all employers, rather than to specified owners or operators, and the the holdover period was shortened from 35 to 30 days.

Agricultural and Migratory Workers

Nevada enacted a law which requires every farm labor contractor to be licensed and bonded and sets certain conditions for the conduct of his business, such as carrying liability insurance on motor vehicles, filing information on work agreements, paying workers promptly and prohibiting misrepresentation of terms

and conditions of employment.

Colorado added to its wage-payment law a requirement that migratory field labor contractors or crew leaders keep records of wages and hours and give each worker, with each payment of wages, a statement of wages and withholdings; also the State of Colorado in 1961 established a permanent program for the education of migrant children. One other state, New York, has a similar requirement for wage records and wage statements, and this requirement was extended in 1960 to all persons bringing 10 or more migrants into the state.

In 1961 North Carolina, for the first time, provided for regulating the transportation of farm workers. Pennsylvania, which in 1959 had authorized State aid for education of migrant children during the school term, in 1961 appropriated funds for

summer classes.

In 1961, New Jersey enacted a law requiring registration of day-haul crew leaders. (Registration of farm labor contractors and crew leaders generally was already required under the state's

migrant housing code.)

Annual registration by labor camp owners or operators was required under a California law passed in 1961. The Division of Housing of the Department of Industrial Relations was authorized during the 1961 session to survey migrant housing needs in this state. The Department of Public Health was given statutory authority to maintain a health program for migrant farm

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workers and their families. Agricultural workers were brought under coverage of the temporary disability insurance law in California and under the workmen's compensation law in Wisconsin. California, under its minimum wage law for women and minors (\$1.00 an hour) set minimum wages for agricultural occupations for the first time. The agricultural order under the minimum wage law for the State of Wisconsin set a rate of \$.75 an hour for women and \$.65 for minors.

A California law provided for an Agricultural Labor Commission to study labor-management relations in agriculture and report findings and recommendations by January 31, 1963. Colorado and Oklahoma authorized continued study of all aspects of migratory labor problems with reports requested in 1963.

Child Labor and School Attendance

During 1960 a number of revisions were made in the child labor laws of New York and Virginia. A New York amendment permitted the employment of children 14 and 15 years of age in delivery and clerical occupations in factory offices and in service stores; another amendment permitted children 12 and 13 to assist in the hand harvesting of berries, fruits, and vegetables. The maintenance of continuation schools for employed youth in New York was made optional rather than mandatory and evening classes were authorized.

A revision of the Virginia child labor law set minimum ages for working in additional hazardous occupations; for example, 18 in delivering alcoholic goods, as an X-ray technician, or in or about excavation or demolition operations; 16 as an orderly or nurses' aide; and 14 for boys as bait attendants on a boat or pier; safeguards for the employment of children on hazardous machines in a school-work training program and permission for boys over 16 to begin work at 5 A.M. rather than 7 A.M.

So far during the 1961 legislative sessions, child labor laws or related provisions have been changed in 16 states. Pennsylvania now permits boys 12 and 13 years old, to work as golf caddies, under certain conditions. In Tennessee, any minor under 16 who is lawfully excused from school may now be employed during school hours and may work until 10 P.M. rather than 7 P.M. Maine amendments permit minors of 14 or 15 years of age to work in automatic laundries, and in retail establishments where frozen dairy products are manufactured on the premises.

In Maryland, the minimum age of 18 was reduced to 16 for girls employed in restaurants and in Wisconsin the 18 year minimum for work on docks was amended to exempt work on or about small pleasure and fish boat liveries and piers. In Florida, the minimum age of 16 was lowered to 12 for employment outside school hours in any factory, mechanical establishment, or laundry, and for boys as messengers. Also provides that children of 12 may work during school hours if legally excused from

school and if the county superintendent of schools determines it

is for the child's best interest.

Massachusetts set hours and night-work standards for work in various occupations not formerly covered. Oregon amended its night-work provision to permit minors under 16 to work until 10 P.M. instead of 6 P.M. on special permit from the Wage and Hour Commission. Florida now permits minors 14-17 years of age to appear in public performances until midnight rather than 11 P.M.

North Dakota amended its school attendance provisions by requiring completion of high school rather than the 8th grade before children under 16 may leave school. Oklahoma now provides for attendance to the age of 16 rather than 18 if the child's

best interests would be served.

Idaho and Washington passed laws to provide jobs and outdoor training for boys. The Idaho law creates an Idaho Youth Conservation Project, for the employment of boys 14-17 years old; it specifies pay of \$30 a month in addition to board, lodging, medical service, clothing and equipment. The Washington law provides jobs in forestry projects for youths 16-21, and requires payment of \$25 a week, plus subsistence, medical service and equipment.

Anti-Discrimination Laws

In 1960, Delaware enacted a law to prohibit discrimination in employment because of race, creed, color, national origin, or because an individual is between 45 and 65 years of age. The law applies to all employers, employment agencies and labor organizations, with penalties for violation.

A Nevada act provided that any employer or union which discriminates against apprentices because of race, color, creed or national origin shall be suspended for one year from participation

in the state apprenticeship program.

The 1959 anti-discrimination law in Puerto Rico was amended to provide penalties for violation. The employer is also liable to

the worker for damages.

In 1961, legislation to prohibit discrimination in employment because of race, religion, color, or national origin was passed in Idaho, Illinois and Missouri, and the Kansas act was made mandatory, thus making 21 states and Puerto Rico which have mandatory acts prohibiting such discrimination. In addition to the mandatory acts, there is an Indiana law which charges a civil rights commission with the duty of discouraging such discrimination by education and conciliation.

Older Worker Legislation

Alaska, which has a fair employment practice act prohibiting discrimination because of race, religion, color, or national origin,

this year enacted a separate law to prohibit discrimination against older workers. The law does not specifically define older workers, although a hiring bias against workers over 45 is

declared to be against public policy.

During the 1961 sessions, California, Ohio and Washington enacted laws prohibiting discrimination against older workers. The Washington law, like those of 10 other jurisdictions (Alaska, Connecticut, Delaware, Massachusetts, New York, Oregon, Pennsylvania, Puerto Rico, Rhode Island and Wisconsin), prohibits age discrimination in the same way as discrimination because of race, creed, color or national origin. In California and Ohio, the age provisions were not tied in with their fair employment practice acts.

Private Employment Agencies Laws

Several amendments were made in 1960 to the New York law regulating private employment agencies. For example, maximum placement fees chargeable by theatrical agencies were raised. Employment bureaus operated by associations of professional engineers, land surveyors and registered architects were exempted from the law. Employment agencies were prohibited from sending an applicant to a place of employment where there is a labor dispute unless the applicant is notified of this fact in writing.

One of the changes enacted in 1961 was in Hawaii, where the Director of Industrial Relations was authorized to set fees charged by private employment agencies. Formerly, maximum fees had been set in the law. The Oregon amendment prohibited the charging of any fees prior to the time an applicant received employment. New York made it unlawful for an employment agency to require applicants to pay for any publication, incidental

service or advertising.

Connecticut added provisions to regulate the recruitment of domestic workers from outside the state. California and Oregon exempted temporary help services from coverage of the private

employment agency law.

Two states placed administration of their private employment agency laws in non-labor agencies. Florida transferred administration from the Industrial Commissioner to the Secretary of State, and Ohio transferred its law from the Bureau of Unemployment Compensation to the Department of Commerce. Ohio also set up a 5-man advisory council to be appointed by the governor to conduct research, make reports, and recommend to the department changes in the law or regulations.

State and Local Taxes

During the last two years—as during all postwar years—state and local taxing and spending have continued to go up as the need for public services of all kinds has continued to rise. In 1960, the direct tax levies of the states and localities totaled \$36 billion, a 170 percent rise since 1948. Yet, despite this phenomenal increase in tax collections, higher revenue from user charges and expanded federal grants-in-aid, state and local revenue still lags far behind expenditures. Continuously and increasingly state and local governments have been forced to bridge the gap by borrowing to meet urgent public needs. At the end of 1960 their combined debt stood at \$68 billion, a 260 percent rise since 1948. During the same period, local school district debt has skyrocketed 475 percent with little relief in sight, since Congress has again failed to enact federal aid for education legislation.

Although the federal tax total is more than double the total levy of the state and local governments combined, the lion's share of the dollars the federal government collects is spent to meet the cost of past wars and to prevent future ones. At present, 70 percent of all purely civilian public services are being financed by the levies of the states and localities themselves. What is more, population growth, the rising cost of meropolitan government, the just wage and salary claims of state and local employes and the demand for improvement in the quality of education and other public services make constantly higher state and local outlays a certainty in the future.

Inevitably, the responsibility of AFL-CIO to cooperate to secure needed public revenues and exert its influence to see that they are fairly obtained is increasing in every state and locality.

Unfortunately, over the last two years most of the increase in revenue was obtained by resorting to regressive taxes, those that bear most heavily on families least able to pay.

In 1960, only 9 percent of all state and local tax revenue came from progressive personal income and corporate profits taxes related to ability to pay. On the other hand, 33 percent was raised from direct and selective staxes levied on consumptions and 45 percent came form local accordance.

tion and 45 percent came from levies on property.

All sales taxes are insidiously regressive because the neediest are the prime victims. Regardless of a family's means or size, no exemption from this tax (not even for the indigent, aged and unemployed) is allowed. Furthermore, under most sales taxes the purchase of "services"—to which the well-off devote proportionately more of their income—is not taxed at all, and income that is saved escapes this tax entirely. Finally, the flat sales tax rate (in some states already 4 percent or more) ignores completely the concept of tax rate increases related to ability to pay.

Similarly the property tax which, in a farm society, may have had a reasonable relationship to a person's wealth and income and, thus, his comparative ability to bear taxes, tends today to

place the greatest burden on those least able to pay.

Even so, the local property tax is no longer able to finance local public service needs and more and more sales and payroll taxes are being enacted locally. Cities in Alabama, Colorado, Kentucky, Missouri and Pennsylvania have already adopted the regressive payroll tax—which must not be confused with a genuine progressive income tax. Under payroll taxes, investment income—dividends and interest, and often rents and capital gains—is not taxed at all and, in all but two cities in Ohio, no exemptions for dependents are allowed Furthermore, the payroll tax—like the sales tax—imposes a flat tax rate which ignores entirely the concept of ability to pay.

During 1961 almost all state legislatures were in session, almost all of them faced the necessity of increasing taxes, and in most instances this was done by increasing regressive levies—

particularly sales taxes.

In many states, however, AFL-CIO played an active role and, in cooperation with other groups, blocked some of the most regressive tax proposals and secured consideration of alternative methods of raising public revenues. For example, in West Virginia the legislature restored the progressive income tax which it had abandoned during World War II, largely due to the activity of AFL-CIO.

Various efforts are now being undertaken to increase revenue available to the states and localities, obtain it more fairly and to use it more effectively. These include the expanded use of progessive income and profits taxes by the states, the elimination of "double-deductibility," ending sales taxes on food and drugs, increased sharing with their localities the revenues derived from taxes levied by the states, and the enlarged assumption of public service responsibilities by the states. In addition, states are increasingly assisting localities in the administration of property taxes so that they are being assessed and collected more fairly. In other cases the states are helping to collect locally imposed taxes.

At the federal level, the extension of federal grants-in-aid helps finance vital public services; this assistance is particuarly urgent for the poorer states and their localities. In addition, the enactment of a federal tax credit on income taxes paid to a state that would be similar to the federal tax credit now allowed against state levied estate taxes has been proposed. Such a credit would do much to encourage greater use of progressive income taxes by all the states and deserves serious Congressional consideration.

The AFL-CIO will continue to actively assist our states and localities raise the revenues they need to perform their public

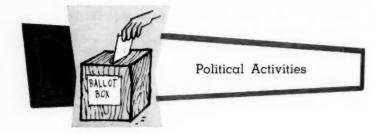
functions and to raise it more fairly.

Time Off for Voting

An amendment to the time-off-for-voting law in New York limited the provision that entitled the worker to two hours' absence from work with pay in 1960. As amended, if the worker does not have four consecutive hours outside his workday when the polls are open, he is entitled to as much time off from work as necessary, with up to two hours to be paid for by the employer.

Virginia Study

In the 1960 session of the Virginia legislature, the Virginia Advisory Legislative Council was requested to study laws relating to the state labor department, employment agencies, and the protection of employees generally, with a view to recommending modernization.



Political Activities

There are now more American trade unionists actively involved in political affairs than ever before in the history of the nation.

It is our constant and continuing purpose to broaden the base of the electorate. As each American citizen benefits from assuming an active and responsible role in political decisions; so the nation benefits from a dedicated and informed electorate.

This job will never be finished. Each year thousands of youngsters reach voting age. Each year millions of families change residence and face the problem of reregistering under different and sometimes restrictive laws. As technological discoveries effect employment opportunities, our members are often forced to move in order to find work. As the nationwide residential pattern shifts from the city to the encircling suburbs, our members move across city, county and, sometimes, state lines.

The problem of maintaining contact with our mobile membership is growing in complexity. Only a small fraction of the total can be reached at regular union meetings. We are exploring new techniques for communicating with our members and providing them with the tools they seek and the information they demand as the basis for mature political judgment.

1960 Election

A study of the 1960 election returns directs attention to four conclusions of particular interest in assessing COPE's performance in the election just passed and in planning for elections to come:

1—Our population is increasingly centered in metropolitan areas, but, while the population of many central cities has dropped or remained the same, a population explosion has occurred in the surrounding suburbs.

2—The minority vote (Negro and Spanish-American) is increasingly concentrated in Northern cities. Negroes have moved

from the South in large numbers and have found homes in the central cities recently abandoned by whites of the same or a slightly higher economic group. There are new leaders in the Negro community and better educational opportunities are re-

flected in a new, sophisticated view of the issues.

3—The Republican Party is a real and growing factor in Southern politics. A half million more Southern voters turned out for Nixon in 1960 than for Eisenhower in 1956, his best year. The 1961 election of Republican John Tower to the Senate from Texas demonstrated that the 1960 Republican strength cannot be attributed to the religious issue, although religion undoubtedly played a part in this area.

4—A new pattern is emerging with regard to the relationship between Presidential and Congressional voting. Kennedy, trailing the Democratic slate in many areas, was less able than Eisenhower to extend coat tails to other candidates. (While Eisenhower led his ticket, his popularity did not extend to other

Republican candidates.)

Suburban Vote

In the period 1950-1960, the population of central cities showed an overall increase of only 10.7 percent or 5.6 million. In the same period, the population of the suburban, fringe areas increased

by 48.6 percent, or 17.9 million.

All but one of the 15 largest metropolitan areas (with populations of 1,500,000 or more) actually lost population in the central core city between 1950 and 1960. From the Atlantic to the Pacific the pattern was repeated. Los Angeles, differently structured from the beginning, was the single exception.

Historically, trade union membership has centered heavily in cities and, often, in certain, clearly defined sections within the cities. While it is still possible to identify "labor precincts" in some cities, the trend is toward dispersal. The city remains as the major location of employment, but trade union members live and vote in increasing numbers in areas outside the city.

In 1958, 73.8 percent of the total number of industrial employes worked in 212 metropolitan areas. In 1959 and again in 1960, 69 percent of all housing starts occurred in these areas. But the auto worker in Detroit may now live in Macomb or Oakland County. The carpenter in Manhattan may live in New Jersey or on Long Island. The packinghouse worker in Kansas City may

live in Johnson County.

The 1960 election returns illustrated the impact of new voters on the suburban voting pattern. When the suburbs were reserved for families with higher than average income they provided a predictable majority for conservative candidates. New families moving into established communities in small numbers usually adopted the political coloration of their new surroundings, even if they had voted differently in their old, city residence.

Now whole cities spring up and are entirely populated in weeks or months. Since most of the residents of the new community moved from the same city at about the same time, they are not subjected to social pressures any different from those they left.

Liberal successes in a number of suburban areas in 1958 gave advance notice that the suburbs were no longer "safely" conservative. In 1960, Kennedy's vote rose dramatically over the 1956 Democratic vote in the suburbs of Baltimore, Boston, Buffalo, Chicago, Cleveland, Detroit, Minneapolis-St. Paul, New York, Philadelphia, Pittsburgh and San Francisco.

The New York Times of April 9, 1961 reported that the Republican National Committee, alarmed by the trend away from the Republican Party in fast-growing suburban areas, had undertaken a study revealing that Nixon made as poor a showing in nineteen important suburban areas as he did in the adjoining cities. In many such areas the actual Republican vote did not decline, but the Republican ticket received a smaller share of the greatly increased turnout

Our members are numbered among the most mobile in the

voting population. The implications for COPE are clear.

Local COPEs, structured under city or county central bodies, must work out entirely new card-file systems to locate their members for the purpose of registration, get-out-the-vote and edu-

cational programs.

National COPE has undertaken a pilot project in one such area. It has two main objectives—to develop organizational techniques coordinating the activities of existing COPEs across geographical or political boundaries and to identify issues which may have been unimportant to our members as city dwellers but are important to our members as suburban home owners.

Minority Groups

The non-white population of major cities has increased tremendously over the past 10 years. Between 1950 and 1960 the increase in Chicago was 64.4 percent; in Los Angeles, 97.2 percent; in Cleveland 69.3 percent; in San Francisco, 66.8 percent; in Milwaukee, 189 percent; in Dallas, 129 percent; in San Diego.

143 percent; in Buffalo, 94.7 percent.

Not only are there more non-white Americans of voting age than ever before, concentrated more and more in major cities, but, particularly in the Negro community, there is a new political climate. The "Negro vote" has slipped out from under the control of old-line leaders. American Negroes cannot be bought. They want information, not dictation. They demand action and will not accept promises. They eagerly accept the responsibilities of citizenship, even when the simple exercise of the franchise may entail humiliation and physical danger, as it sometimes does in the South. In 1960, COPE planned its campaign with minority groups with respectful attention to these facts.

In this situation, COPE is fortunate in having its credentials in order. Tempers may be short, but memories are long. Trust and respect are the treasure piled up by COPE over years of fighting unpopular battles for civil rights and equal economic opportunities for all Americans.

The heavy Democratic majorities scored by Negro and Spanish-American voters can be counted as the deciding factor in several crucial, industrial states in the Northeast and Midwest. Negro voters are credited with swinging South Carolina to the Democratic column and were important to Democratic victories

in North Carolina and Texas.

Under COPE direction a task force of volunteers worked in 97 cities, towns and villages in 17 states. Valuable assistance was lent by personnel from the various international unions, the Industrial Union Department and the AFL-CIO Department of Organization. Approximately 9,100 workers participated in this campaign. More than 10 million pieces of literature were distributed, including special literature directed to Negro and Spanish-speaking voters.

Minority voters gave President Kennedy lop-sided majorities in Northern industrial cities: 81.2 percent in Hartford; 72 percent in New Haven; 78 percent in Chicago; 74.4 percent in Baltimore; 81.1 percent in St. Louis; 77.3 percent in New York; 60.6 percent in Cleveland; 77.1 percent in Pittsburgh; 73.7 percent in

Milwaukee.

It is interesting that this pattern was repeated in the South (with the exception of Atlanta) where local Democratic politics are not associated with civil rights or economic advances for Negroes. In Houston, for example, colored precincts gave Kennedy 86.4 percent of the total vote.

We believe that this great reservoir of liberal votes has still

barely been tapped.

In New York City where Puerto Rican voters gave Kennedy a 88 percent majority, it is estimated that only 22 percent of the potential actually voted. This was after a hard-driving, round-the-clock registration drive conducted in connection with the crash registration program.

A similar situation exists with regard to the Latin-American vote in several Southwestern states, and much more work needs to be done to reach large numbers of potential Indian voters in

the Southwest and in the Dakotas.

The Negro vote will be a tremendously important factor in those congressional districts in the South where there is a hope of electing liberals in the 1962 primaries.

Southern Elections

Nixon made the most dramatic gains of his 1960 campaign in the South—where trade union membership is smallest. The broad base of Republican support in this area rests with conservative, anti-civil rights, anti-union, states rights Democrats. Over the years, this affinity has been reflected in Congress

by the Republican-Dixiecrat coalition.

With a few, striking exceptions, old-line, organization Democrats have held tightly the reins of political control in a one-party situation where serious contests, if any, occurred in primary elections. The primaries were regarded as a private, party affair, and the rules were designed to limit the franchise to voters who could be relied on to perpetuate the system. (25.6 percent of the citizens 21-years-old and older voted for President in Mississippi in 1960; 30.9 percent in Alabama; 34.4 percent in Virginia.)

The 1960 senatorial primary in Tennessee was typical of the liberal-conservative struggle in a one-party state. Senator Estes Kefauver won renomination against bitter, heavily financed opposition, marked by the irresponsible use of scurrilous literature

designed to inflame voters on the segregation issue.

This campaign provided a clear example of what COPE can achieve against the organized forces of big business when the basic work of getting our members registered and voted is pitted against a flood of corporation money (in this instance the drug industry).

Particular emphasis was placed on the COPE drive among minority groups. WAD's functioned efficiently in major cities. The proportion of AFL-CIO members registered increased from 50 percent in April, when the drive started, to 80 percent on

July 15.

On August 5, 1960, the Chattanooga Times reported, "Kefauver showed strength in many areas where he normally would have expected to be swamped if the segregation sentiment had prevailed....

"The returns in those areas indicated that organized labor

exerted more influence than usual on the voters.'

Until the 1961 election of Republican John Tower to fill Lyndon Johnson's seat in Texas, analysts tended to attribute Republican stirrings in recent presidential elections first to Eisenhower's personal popularity, and then to religious bias.

The Tower election was a classic of its kind. Liberal candidates killed each other off in the first primary, leaving only a conservative Democrat to face a conservative Republican.

Organization Democrats called Texas labor and other liberals to the colors on grounds of a party loyalty they had seldom hon-

ored on questions of platform or legislation.

The Texas COPE declined to participate in the run-off election. There were 173,000 voters in the first primary who failed to appear for the run-off—only 16.7 percent of the potential vote and 43.3 percent of those qualified through poll tax payments or exemptions voted when the choice was limited to two reactionaries.

The ability of a conservative Democrat to win in Texas has been effectively challenged. The ability of a liberal Democrat to win over a hard-riding Republican candidate may be put to the

test in the 1962 gubernatorial campaign.

The long-range prospect of a real choice between political philosophies is exciting to Southern liberals. Already a number of important Texas Dixiecrats have announced their affiliation with the Republican Party. Congressional incumbents, with impressive seniority at stake, cannot be expected to join the move or to encourage it, but they may not, in the end, be able to prevent it. The Republican Party is already a factor to be reckoned with in Florida. The North Carolina legislature eliminated the state's only Republican district in redistricting, but Democratic incumbents in the same area of the state are nervously studying the Republican strength in the counties which were added to their districts.

Growing industrialization in the South may have long-term implications. While unionism in the South is still relatively limited, Southern trade unionists are exhibiting a willingness to exert and tax themselves to build politically and legislatively to an extent which should be an inspiration to their stronger, more

numerous brothers in other areas.

A thoughtfully conceived "Program of Progress" has already been adopted by the Alabama, Mississippi and Louisiana COPEs and is under study in other Southern states. The program lists a number of specific legislative goals for each state, and details the organization required and the activities prescribed to attain those goals. In each state convention to which the program has been presented the delegates have voted overwhelmingly to assess themselves a sizable per capita payment to put the program into effect.

In the four states operating under the "Program of Progress" COPE has attained a new maturity and a new respect in the community. In 1961, in Mississippi, for example, candidates for the state legislature publicly sought COPE endorsement for the

first time in history.

Congressional and State Elections 1960 and 1962

The historical American pattern of electing a large congressional majority to support a new President has been suspended for the past three presidential elections. Eisenhower got a bare majority in 1952 and lost the Congress in 1956. Democrats lost two Senate seats (one to a COPE-supported Republican in Delaware) and 21 House seats in 1960.

Nineteen of the 21 had been traditionally Republican until the 1958 Democratic sweep which extended to Midwest farm areas, and 10 were in sections where anti-Catholic sentiment was

strongest.

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But, whatever the mitigating factors, there is no room for complacency in a realistic appraisal of the 1962 Senate, House

and gubernatorial elections.

The party in power has lost congressional seats in every off-year election in this century except the 1934 election. While COPE is non-partisan and supports liberal candidates of both parties it is a simple fact that many more Democrats than Republicans qualify for COPE support. The success of liberal legislation in the immediate future will depend on the ability of Democrats to hold the seats they have and, if possible to increase their margin.

Present liberal majorities in both houses of Congress may best be gauged by close votes on vital issues. Temporary unemployment compensation legislation passed the Senate in March 1961 by a margin of two votes. The Rules Committee change in the House passed by five votes on January 31, 1961. By August, the Republican-Dixiecrat coalition had reformed to defeat the President's aid-to-education recommendation in the House by seventy-two votes and in the Senate by five votes.

COPE's Score in 1960

Candidates endorsed by state and local COPEs for state or federal office fall into one of two categories: (1) those with a reasonable change of winning who are given maximum assistance by their respective COPE organizations, and (2) candidates with almost no chance of success who are endorsed as a protest against their opponents.

In the first category, 15 out of 19 senatorial candidates, 14 out of 19 gubernatorial candidates and 157 of 258 House candidates who were endorsed by COPE won election—or 73.7 percent.

The number of successful labor-backed candidates for the state legislature was equally substantial, but conservative shifts in a number of states have already made themselves felt through the passage of weakening amendments to unemployment compensation laws and other measures.

Redistricting

It now appears that the rearrangement of congressional districts following the 1960 census may be a stand-off. Some liberal gains are expected to occur in California's eight new districts. A few liberals have been redistricted out in the Midwest. Florida's four new seats may produce a few more Democrats (not necessarily liberals). It now appears that at least one state (Minnesota) will run its entire delegation at-large, and others may follow.

1961 Elections

Broad prognostications about the 1962 congressional elections, based on 1961 local or special elections, are falacious, but some conclusions may legitimately be drawn.

Bossism continues to be an effective issue. Mayor Robert F. Wagner apparently gained more by repudiating Tammany Hall in New York City than he lost in losing organization support. Bossism was Wagner's major issue in both the primary, where he fought the organization directly, and in the general election.

A long-entrenched Democratic machine was turned out of office in Louisville as Republicans took City Hall for the first time in 28 years and elected their candidates to every local office voted on. A sharp reduction in the Democratic margin in Philadelphia resulted in the defeat of the COPE-backed candidate for the State Supreme Court. Anti-organization sentiment in Louisville and Philadelphia could affect the outcome of two important elections—those of Sen. Joseph Clark (D-Pa.) and Rep. Frank Burke (D-Ky.). A high degree of sophistication on the part of the voters will be required if they are to distinguish between liberal representatives of integrity and stature and unpopular local politicians of the same party.

Municipal governments were overturned in many New York, Ohio and Pennsylvania cities, but without a constant, partisan

pattern.

Bossism is an issue, but it is not yet a magic word, as "communism" and "corruption" were in the 1950's. It cannot, if used indiscriminately, touch a raw nerve and elicit an automatic voter reflex. Republican charges of boss control against Democratic gubernatorial candidate Richard Hughes did not move New Jersey voters.

A conclusion to be drawn from the New Jersey gubernatorial election and the special congressional election in Texas is that the effort to please too many people results in failure to please

a bare majority.

Former Labor Secretary James Mitchell was widely advertised as a "new look" Republican. His principal sponsors represented the liberal wing of the party and he made a determined effort to secure labor support. At the same time his major campaign line was keyed to fiscal responsibility in the face of the large and growing problems of an industrial, urban, suburban complex.

John Goode, the Republican candidate against victorious Representative Henry Gonzalez (D-COPE) in San Antonio, proclaimed himself a Goldwater-Republican. Senator John Tower (R), who carried the district in May 1961, campaigned vigorously for Goode. But the image blurred when former President Eisenhower was brought into the district where he made more liberal statements than he had made in behalf of the Republican Mayoralty candidate in New York.

In each instance the Republican candidates were either uncertain about their identity or were grabbing for every voter in the spectrum from hard-backed conservative to liberal inde-

pendent.

At the same time, Hughes in New Jersey and Gonzalez in Texas both unswervingly supported the Administration and the Democratic platform. Both received and welcomed the support of the President. The Hughes and Gonzalez victories may have a salutory effect in the next session of Congress on those Democrats whose legislative stands are uncertain.

Labor support was an important factor in New Jersey, New York City and San Antonio. While there was no official endorsement in New Jersey, individual unions contributed time and effort in support of the Democratic candidate. In all three, the minority vote was heavy and heavily in favor of the Democrats.

COPE Plans for 1962

COPE's plans for 1962 will center in the following areas:

1-A careful selection of areas of concentration.

2—Extension of the successful 1960 registration and get-outthe-vote campaign. (The application of this project in suburban areas and among minority voters has already been described.)

3—Expansion of educational facilities on issues and on the records of candidates for public office.

Selection of Areas of Concentration

Because the margin is so slim and the stakes so high, it will more than ever be necessary to pick our areas of concentration with the utmost care. We must husband our resources and pinpoint our efforts to achieve maximum support for liberal incumbents in danger of defeat and liberal candidates with the best chance of defeating conservative incumbents.

The conservative forces can count as accurately as we can. In some instances they have generously announced which liberals they have marked for political extinction. In March 1961, Republican National Committee Chairman Thruston Morton announced the creation of a special task force to study ways to build Republican strength in cities with a population of 300,000 or more.

The political activities of business are on the increase. In many instances, industry is going beyond management and reaching out to the workers, our own union members, with courses of instruction on political techniques and indoctrination on management's view of political issues. In a clear attempt to find a chink through which to drive a wedge, the Chamber of Commerce ordered a study of the attitudes of union members toward their leaders and the attitude of the general public toward unions and union problems. This privately circulated study by the Opinion Research Corporation reached two conclusions of great interest to us:

1—There is room for improvement in the relationship between our leadership and our membership to a sobering degree.

2—While the general public will not tolerate a threat to the fundamental right to bargain collectively, the public image of trade unions has been seriously damaged by unfortunate publicity in recent years.

The National Right to Work Committee has redoubled its efforts in support of so-called "right-to-work" legislation and referenda and has embarked on a nation-wide "educational" campaign in an attempt to reach school, civic and religious groups.

On September 19, 1961, the Chamber of Commerce announced the creation of a "Special Committee for Voluntary Unionism"

to work for passage of state "right-to-work" laws.

In such states as California, Ohio and Washington where socalled "right-to-work" referenda were blamed for the poor showing of conservative candidates in 1958, more sophisticated conservatives may be inclined against such frontal assaults in favor

of more subtle and devious attacks.

In July 1961 the American Medical Association established the American Medical Association Political Action Committee "for more effective participation in political and government affairs." The Colorado State Medical Society is raising an \$80,000 war chest, and the New York AMA has formed the Empire Political Action Committee to support candidates for public office.

Candidates

Several states holding important 1962 elections have been literally stripped of potential candidates through the appointment of leading political figures to posts in the Administration. From one point of view, competent men who have devoted time and, in some instances, their personal fortunes, to the work of building their party and running for office are logical and desirable recipients of federal jobs. But in several states—Maine, North Dakota and South Dakota, to name the most obvious—liberals may be faced with the hopeless prospect of trying to beat somebody with nobody.

The COPE Area Conferences, held in the early months of each year, provide a valuable opportunity for the national director to explore the problems and potentialities of the next election with the state COPE officials in each state. As a result of these conversations a tentative list has been compiled of areas marked for concentration in 1962. The collection of pertinent material on forthcoming elections is a continuing process. As issues develop and candidates become known some of these elections will be deleted from the list and others may be added. Among the factors

considered in each instance are:

The strength of the incumbent candidate; the support he may expect to receive from his party as indicated by the quality of party leadership and the degree of unity in each area; the availability of a candidate worthy of labor endorsement; the relative strength or weakness of the COPE organization in the area.

Registration Campaign

In any election as close as the 1960 presidential election, every group which participated to any degree in behalf of the winning candidate can claim with some justice that it was the deciding factor.

However, there is general agreement that President Kennedy could not have won in the important industrial states which provided the bulk of his electoral vote without the tremendous outpouring of new voters resulting from the AFL-CIO registration program. While some segments of the press credited city "machines" with "delivering" the vote for Kennedy, anyone familiar with American politics knows that the shadowy remnants of these once-powerful organizations are historically uninterested in extending the franchise to new, untested, uncontrolled and uncontrollable voters. This points up one of the principal, philisophical differences between the old-line, out-moded political machines and the AFL-CIO's Committee on Political Education. We believe without qualification that Americans can be trusted to vote and that our function is to assist our members into the voting booth through the labyrinth of legal voting requirements and through the smoke screens beclouding the issues.

The Washington Daily News, November 10, 1960, reported that "Dick Nixon's political strategists today cited several factors which they believe cost him the big industrial states of the Northeast and the White House. And the one which led most of their lists was the power and effectiveness of COPE (the Committee on Political Education)—political arm of the AFL-CIO."

The New York Times, November 11, 1960, said, "Republican leaders...added their belief that the labor federation's registration drive had counted more [than the Catholic vote] in the defeat of Vice President Nixon."

Former Republican National Chairman Thruston Morton told the National Federation of Republican Women, on January 4, 1961, "We must build a real professional organization that is just as big and as good as anything labor's COPE... can put up."

The total presidential vote of 68,836,385 was the highest in history, both numerically and by percentage of the potential vote. Kennedy's vote exceeded Nixon's by 19,450, but, like Truman in 1948, he polled less than 50 percent of the total presidential vote including that for minor candidates.

Seldom has an election contained more compelling illustrations of the old thesis, "Your vote is the one that counts." A switch of 27,546 votes in Illinois and Texas would have given the election to Nixon. A switch of 38,442, variously distributed between the states of Alaska, California, Montana, Washington and Wyoming, would have given Kennedy a landslide electoral vote of 345 to 168.

In August 1960 the Executive Council voted to undertake a non-partisan crash registration program. This program was under the direction of President Meany's office and operated largely through the COPE structure with state and local COPE personnel and volunteers in charge of field operations. Where possible, other non-partisan, citizen groups were assisted in their registration drives.

The crash registration program originally centered in 14 key states and, to a lesser extent, was expanded to include an addi-

tional 14 states. Thousands of volunteers participated.

COPE produced a record amount of registration and get-out-the-vote material which found gratifying acceptance, not only in the labor movement, but generally. One hundred and twenty-two television films containing 10-second spot announcements were distributed to stations covering more than 90 percent of the television market outside the South. Four hundred and fifty-six radio stations used COPE recordings of six registration and get-out-the-vote spot announcements. Three radio scripts designed for local delivery and three sample leaflets for plant-gate distribution were sent to each state and local COPE.

State and local COPEs were provided with 630,000 posters, of which 140,000 were printed in Spanish. Three hundred labor papers received three different registration mats. A thousand mats for use in regularly placed department store advertising were sent to the advertising managers of the nation's leading

retail stores.

1960 Registration Results

Important industrial states showed dramatic registration gains over 1958 and, in most instances, over previous records scored in 1956. In spite of a population drop in major cities over the past four years, 1960 registrations held and often exceeded the 1956 figure in these areas.

Illinois registrations increased 450,000 over 1958 and more than 280,000 over 1956. In Cook County there were more than 100,000 new registrants over the 1956 figure. (Kennedy carried Illinois

by 9,801.)

Maryland registration jumped by some 139,000 over 1956.

(Kennedy carried Maryland by 78,282.)

In 1960, Michigan registered 200,000 more voters in Wayne, Oakland and Macomb Counties than in 1956. That was one new voter for each 15 persons who voted in Michigan in 1956. The new voters were registered mainly in heavily Democratic Wayne County and in the predominantly Democratic communities of southern Oakland and Macomb Counties. These three counties cast more than two-thirds of the state's total vote. (Kennedy carried Michigan by 70,000.)

In Missouri, registration in St. Louis County jumped to an alltime high of 707,000, including 85,000 voters who registered on a single day when the Citizen's Non-Partisan Registration Committee had 407 workers in the field. (Kennedy carried Missouri by 26,000 votes.)

New Jersey registration increased by about 227,000 over 1956, with major gains scored in industrial cities and surrounding suburbs. (Kennedy carried New Jersey by 22,000 votes.)

New York City showed a spectacular gain of 958,000 new registrants over 1958 and 332,000 over 1956, the previous presidential election year. That gain was produced chiefly through the efforts of the Greater New York Committee on Registration (COPE). Erie County (Buffalo) scored an increase of 70,000 and Onandaga County (Syracuse), 20,000, over 1956. Long Island trade unionists worked diligently to reach members who had moved to suburban Nassau and Suffolk Counties. These two counties showed a registration gain of 131,000 over 1956. (Kennedy carried New York by nearly 400,000.)

Two-hundred and sixty-six thousand new registrants were added to the rolls in Pennsylvania over the 1956 figure. (Kennedy carried Pennsylvania by 128,000 votes.)

In six other states under the crash registration program, striking gains were made in the number of registrants. While Kennedy failed to carry California, Indiana, Iowa, Kansas, Ohio or Wisconsin, the total number of new registrants over 1956 in these states reached an estimated 1,700,000 (including increases of 1,056,000 in California and 444,000 in Ohio). These states, which gave Eisenhower a combined margin of 60.8 percent in 1956, voted for Nixon by only 54.6 percent.

The Republican margin in California, Nixon's home state, dropped from 608,000 in 1956 to 36,000 to 1960. Outstanding work was done by the Community Services Organization, an association devoted to helping Spanish-Americans take their proper place in the political life of the nation. With financial aid from the Citizens' Non-Partisan Registration Committee, the organization registered 139,000 new voters, most of whom lived in Southern California and in the Central Valley.

What other forces may have been at work in the 1960 Presidential election, it is a simple fact that President Kennedy could not have been elected without the broad base of the continuing COPE registration program. The AFL-CIO crash registration program, which was superimposed in selected areas on the regular COPE organization, provided the extra push in important, industrial areas, but, in the excitement over electoral votes, some equally striking gains in smaller states went almost unnoticed.

In Delaware, for instance, registration increased by 58,000 (nearly one-third) over 1956. In Wilmington alone, registration was up 33,000. Maine registration rose 52,000 over 1956; Rhode Island, 32,000; Tennessee, 200,000; Utah, 39,000.

Women's Activities Department

No last-minute drive, no matter how well financed or ably conducted, can replace the steady, laborious, constant work of checking registration lists, assisting the unregistered to qualify, and finally, urging and helping registered voters to vote on elec-

tion day.

This responsibility rests mainly with the Women's Activities Department. In every area where the effectiveness of COPE participation is demonstrable, there was such a WAD program, working with the support, and, in some instances, the active participation of the COPE officers involved. In 1960 there were 440 WADs as compared to 288 in 1959. In many instances men volunteered for this work. (In Meriden, Connecticut the CLU President, unable to enlist women, set up a "Male WAD" in which 20 men contributed 425 voluntary hours to process the names of nearly 4,000 potential voters.) Other areas have found additional manpower among retirees.

In one dramatic instance, a WAD in Tennessee took an incapacitated voter to the polls in a hearse. In Bristol, Connecticut, the COPE Co-chairman processed registration files in his hospital bed. In Binghamton, New York, the WAD chairman checked registration lists until 8:30 P.M., then went to the hospital and

delivered a baby boy four and a half hours later.

The most important fact is that in every section of the country devoted men and women members of the AFL-CIO and wives of members worked long hours at no pay to achieve the successes in industrial centers which resulted in the election of the labor-

backed candidate for President.

More than 1 million supervised telephone calls were made by WADs from COPE offices into union homes and union neighborhoods reminding trade union members to register and to vote on election day. Mailings by WADs from COPE offices totaled well over a million. In San Diego, California, 10,000 volunteer hours were contributed during the 1960 campaign. A Kansas group piled up 1,309 hours in a single week.

Although it has proved itself in every area where it has been given a fair trial, there is still reluctance on the part of some local unions to participate even to the extent to making their membership lists available. An interesting case in point occurred

in Broome County, New York in 1960.

The WAD program in New York State is comparatively new. It operated for the first time in the 1960 elections under the direction of a newly appointed state WAD director. Concentrating on labor wards in Binghamton, Chenango, Dickinson and Union, the Broome County COPE and WAD reduced the Republican margin in Broome County from 44,000 in 1956 to 18,000 in 1960. President Kennedy carried four wards in Binghamton, a city which is traditionally 2 to 1 Republican. Of 44 local unions

affiliated with the Broome County COPE, only 17 participated in

this program.

In 1961 the Women's Activities Department maintained most of its existing organizations and added new, local WADs. Off-year interest was sustained at a high level by the formation within these groups of "letter lobbies" to study and express themselves on federal and state legislation. At the same time, in preparation for 1962, the work of indexing and processing

membership and registration lists continued.

The WAD program can operate with maximum efficiency only when it receives maximum cooperation from all International unions. In a number of areas, where the state and local COPEs have gone as far as possible in providing full-time direction and adequate work space, the registration drive is crippled by the failure of important local unions to provide their membership lists for processing. Every possible precaution is taken to prevent improper use of such lists, and on no occasion has such an instance occurred. What does occur is that other groups, such as the Chamber of Commerce and the NAM, are sending their propaganda to our members, with names and addresses from personnel files provided by management, at the same time that local unions are withholding membership lists from COPE.

We strongly urge that each international union encourage its local unions to give all possible support and cooperation to the COPE and WAD programs, especially by making their membership lists available for registration and get-out-the-vote drives.

Matching Grants

The matching grant program, inaugurated in 1958 assists the less industrialized states to maintain full-time, year-round COPE programs. Through this program there are now full-time COPE directors in the following states: Arkansas, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Maine, Maryland, Mississippi, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Utah, Vermont, Virginia, West Virginia and Wyoming.

The matching grant program has been successful in inspiring the less unionized states to raise funds and put their COPE organizations into operation. Without such assistance a COPE program would be impossible and the states involved would lack

the incentive to take any action.

Political Education Materials

COPE continues regular publication of "The Political Memo."

Paid circulation is now well over 100,000.

"How Your Senators and Representatives Voted," a listing of congressional votes on key issues, will be published in the summer of 1962. Nearly seven million copies of the 1960 edition of this publication were distributed.

The Kennedy-Nixon comparative voting record was the single, most popular piece of COPE literature in 1960. More than 10.3 million copies were distributed, and COPE was unable to fill requests for an additional 4 million because of limited finances.

The COPE "Political Almanac" is issued annually. Again, for 1962 it contains important election dates as they appear chronologically, together with a state-by-state summary of election dates and offices to be voted on.

Two basic manuals—"How to Win" (on techniques) and the "Speaker's Book of Facts" (on issues) were widely used in 1960 and will be revised for 1962.

Special publications—"Keeping in Touch," (for WADs) and "Notes From COPE," (for minority groups) will continue regularly.

Special pamphlets and leaflets on particular subjects, such as registration, or directed to particular groups are published as the need arises.

In all, COPE distributed more than 35 million pieces of literature in 1960 and expects an increased demand in 1962.

Area Conferences

The COPE Area Conferences remain the one, regularly scheduled occasion on which members of the staff of the national AFL-CIO go into the field to meet with trade union leadership and rank-and-file membership from every state in the union.

A format has been devised which permits a maximum of interchange between national COPE and the delegates. The information gleaned by the national staff from group discussions and reports on the part of the delegates is no less important than the material developed in Washington for instructing the delegates on issues and techniques.

Visual materials and other techniques of presentation are used which can, in turn, be adapted for use by local COPEs.

Sixteen area conferences were held in 1961. They were attended by a total of 5,683 delegates from 50 states.

Fifteen conferences have been scheduled for 1962. They will be held in Miami, New Orleans, Dallas, New York, Providence, Detroit, Chicago, Louisville, Philadelphia, Cleveland, Kansas City, Omaha, Casper, Coeur d'Alene and Los Angeles over the period from March 11 through June 14.

The 1962 conference discussions will center around the important elections taking place in each area in November 1962. Techniques of organization and issues will be explored as they apply locally, with new emphasis on suburban problems.

The American labor movement has changed the face of American politics. By insisting that it is every American's right and duty to participate in the political process, COPE (and PAC and LLPE before it) broke the ground for the citizens groups which

have become the rule, rather than the exception, in the nation's political life.

By insisting that campaigns be fought on issues, instead of personalities or party loyalties, COPE has directed a clear, bright light of publicity on the legislative process. It is no longer possible for a congressman to claim that he has supported a liberal measure when he has, in fact, voted to gut it by amendment before voting for passage.

By the careful compilation and wide distribution of the records of public officials, COPE has made the politician's perform-

ance match his promise.

We have not and cannot hope to attain perfection in politics any more than in any other field of human endeavor. We can and do honor our priceless heritage and work unceasingly to be worthy of it—as Americans and as trade unionists.



Department of Civil Rights

In the past two years, the department has broadened the range of its activities in pressing on the AFL-CIO's mobilization of organized labor's resources in its fight against discrimination based on race, creed, color or national origin. (See Civil Rights Section.) Creation of civil rights machinery by additional affiliates, has further increased the demand for the department's staff services. This included assistance and active participation in numerous local, regional and national civil rights conferences organized by the affiliates, by cooperating organizations and by the AFL-CIO itself. A special conference of the civil rights staff personnel of AFL-CIO affiliates proved especially helpful.

A series of new civil rights publications and the AFL-CIO's "Brotherhood" posters provided valuable tools for furthering the

acceptance of AFL-CIO's civil rights objective.

In addition to its major effort to eliminate the remaining vestiges of discrimination in labor's own ranks and to stamp out discrimination in employment by employers, much attention was also devoted to the critical problem of discrimination in housing and to its counterparts in other fields of life.

The staff of the Department of Civil Rights consists of Boris Shishkin, director, Donald Slaiman and Walter Davis, assistant

directors.

Community Service Activities

During the past two years, AFL-CIO Community Service Activities has continued to promote vigorously active labor participation in community affairs and the development of more effective social services for the benefit of all people. A by-product of this public service has been better public relations for the AFL-CIO.

Progress towards this general objective has been made through the implementation of AFL-CIO Community Service programs in hundreds of communities across the country. The department's 12 priority programs, in addition to its 15 basic activities, have been initiated and developed by community services committees of many state and local central labor bodies, some of which have full-time community services directors, including Pennsylvania, Michigan, Wisconsin, Illinois, West Virginia, Indiana and Iowa.

Much of this work has been accomplished also through community services committees of local, national and international unions, some of which have either full-time or part-time community services directors, including the UAW, IBEW, United

Steelworkers, International Woodworkers and others.

Implementation of these programs was the primary responsibility of full-time AFL-CIO Community Services representatives working on the staffs of local united funds, community chests, labor participation committees and social welfare planning bodies. These now number 126 in 93 communities. During the past two years six cities created such positions and appointed such staff representatives nominated by the local central labor body and approved by AFL-CIO Community Service Activities.

These are in addition to 13 full-time labor representatives on the staffs of such national agencies as United Community Funds and Councils of America, American National Red Cross and

United Service Organizations.

The activities of all full-time labor representatives, who work with the community services committees of local and state central labor bodies, are guided and coordinated by the Community

Services department of the AFL-CIO.

These representatives work with hundreds of public and voluntary agencies to establish better relationships with organized labor, to help the agencies develop more effective programs and to help bring agency services to those union people who need them.

This is an integral part of the national Community Service program of training for citizenship, service to people and action

for a better community for all.

In its efforts to translate this program into reality, AFL-CIO Community Service Activities has continued to work with more than 100 national voluntary agencies in many different ways on their boards and committees, at their conferences and forums, through consultation and joint action, in the formulation of policies and the development of programs.

These relationships have been encouraged by the National Advisory Council to the AFL-CIO Community Services Committee. This council of distinguished leaders in the field of health and welfare met seven times during the past two years and advised the AFL-CIO Community Services Committee on such matters as recreation, labor representation on agency boards

and committees, etc.

The council helps both the national and local staff do a more effective job of implementing such CSA continuing programs as union, consumer and pre-retirement counselling, disaster services, unemployment relief, strike assistance, CAP, family counselling, blood banking, fund-raising, mental health, alcoholism, board representation and others. In these areas, the major function of the staff is to help provide, on a day-to-day basis, direct services to people in need of them, including cash relief, surplus food, medical care, hospitalization, legal aid, marital counselling, etc.

Great emphasis has been placed on training this staff as well as volunteer officers of community services committees. In addition to the hundreds of union and consumer counselling classes, workshops, conferences and institutes which were held across the country during the past two years, CSA also conducted two national conferences on community services in New York in 1960 and in Atlantic City in 1961, seven regional leadership training workshops, seven regional blood banking conferences, a national conference on Puerto Rican problems and many smaller workshops and conferences. At the same time CSA has participated with delegates, speakers, exhibits and printed materials in hundreds of conventions, conferences, institutes, and forums sponsored by public and private agencies, including welfare agencies, church groups, service clubs, employer organizations, labor unions, etc.

CSA staff representatives visited hundreds of communities in all 50 states, Puerto Rico and Canada during the past two years to help develop programs and services, to encourage the appointment of new full-time CSA personnel, for trouble shooting and for speech making. In this connection all publicity media have been used including press conferences, radio broadcasts

and television appearances.

New publications, issued and sold during the past two years along with the older publications, have helped to further develop CSA programs. These include pamphlets on the Citizen Apprenticeship Program, rehabilitation, consumer counselling in Spanish, leadership training, blood banking, consumer information, Puerto Rican problems and the proceedings of the two national CSA conferences.

The AFL-CIO has continued to support, during the past two years, the programs and services of community health and welfare agencies. It is estimated that in the 1960-61 united fund-community chest campaigns alone more than \$150,000,000 came from employes in AFL-CIO organized plants, out of a total campaign of \$475,000,000 raised. This is only a part of the total financial contribution made by AFL-CIO members to all voluntary health and welfare agencies.

CSA staff in New York is under the direction of Leo Perlis working in close association with the AFL-CIO Committee on Community Services headed by Vice President Joseph A. Beirne. Robert A. Rosekrans is the assistant director, John C. Pierce is in charge of field operations and Eugene J. Welsh handles public relations.

Department of Education

The Department of Education encourages and aids AFL-CIO affiliates in planning and conducting their education activities. The department does this by holding national and regional educational conferences, by furnishing staff assistance from its own and other departments and by preparing and distributing educational materials, teaching guides and audio-visual aids.

The department works with international unions and with city and state federations on residential schools, special institutes, conferences, classes, workshops and general educational pro-

grams.

More than 150 summer schools with a total enrollment of 15,000 were conducted by AFL-CIO affiliates during 1961, and many of these had some form of assistance from the Department of Education. The department worked particularly closely with two regional schools, the 12-state Southern Labor School and the 8-state Rocky Mountain School, and with a number of schools sponsored jointly by two or more international unions. For 18 of the summer schools the department prepared individually

designed study manuals.

The Department of Education has the largest labor film library in the country and it promotes the distribution of labor films to unions and community groups. Discussion guides prepared by the department to accompany the films help to make them more generally useful. The department handled the educational promotion of the AFL-CIO produced film "Land of Promise," selling 30 prints and arranging 208 bookings. It cooperated with the Department of Public Relations in the production of a film on public education in the "Americans At Work" series, and assisted in arranging for school use of the entire series. A revised catalog of labor films was issued this year.

Among the materials which the department has distributed have been reprints from "Education News and Views" which set forth practical steps in planning specific types of union educational activities. Widespread use has been made of department posters, 10,000 copies being distributed of a Brotherhood Week poster prepared in cooperation with the Department of Civil

Rights.

The department actively sought to bring the university labor extension programs closer to the unions. It has continued its cooperation with the National Institute of Labor Education. With the University Labor Education Committee the department conducted a joint conference of union educators and university

labor extension faculty members in the spring of 1961.

The department continues to work with other organizations which provide a meeting ground between labor educators and other groups in the community. Among these are the Joint Committee on Library Service to Labor Groups and the Joint Council on Economic Education.

The department alerts unions to the needs of public education and informs other groups of labor's concern for the schools. It has participated in the Advisory Committee of National Organizations of the United States Office of Education. Trade unionists who are members of local school boards receive materials from the department. AFL-CIO affiliates which sponsor college scholarship programs receive whatever assistance they may need.

The department maintains an official relationship with the high school debate association and a close working relationship with the university debate groups, distributing debate kits to

both when the topics relate to union interests.

John D. Connors served as director of the department until April 1960, when he was appointed a special assistant to President Meany. John Cosgrove resigned as assistant director in August 1961, to accept an appointment as assistant director of the Office of Civil and Defense Mobilization. Hyman Kornbluh left the department in November 1959, and Arthur Kane in January 1961. The staff of the department now consists of Lawrence Rogin, director, George T. Guernsey, assistant director, Stuart Brock, Otto Pragan, Jack Sessions and Jacqueline Kienzle.

Department of International Affairs

The Department of International Affairs has assisted the officers of the AFL-CIO in the preparation of analyses and statements setting forth the International policies of the AFL-CIO. At the same time, the department has made our position on international matters widely known through its publications, chiefly the AFL-CIO Free Trade Union News, which is published in four languages (English, French, German and Italian) and which goes to the four corners of the earth.

Briefing of Foreign Visitors

During the period of January 1960 to July 1961, 2,405 foreign visitors, either as individuals or in teams, visited the Headquarters of the AFL-CIO and were briefed on the structure. function, political activities and domestic and foreign policies of the AFL-CIO. Almost 50 percent of them were trade union leaders, 26 percent were industrial leaders and the rest were political leaders, educators and editors, etc. There has been a significant shift in emphasis in the geographical distribution of our foreign visitors, less coming from Europe and increasingly more from Asia and Africa.

Staff Assignments

The director of the department is Michael Ross. Jay Lovestone is director of international publications. Serafino Romualdi, assisted by Andrew McLellan, deals with Inter-American affairs. Irving Brown serves abroad, particularly in Europe and Africa. The other staff members are Henry Rutz, Harry Pollak, Harry Goldberg, Rosemary Ruane, Lewis Johnson, Elly Borochowicz and Maida Springer. Rudy Faupl, assisted by Bert Seidman, continued as Workers' Delegate to the ILO.

Department of Legislation

The Department of Legislation represents the AFL-CIO before Congress and is charged with seeking appropriate action on the AFL-CIO legislative program. The AFL-CIO Executive Council

also serves as the Committee on Legislation.

The department, whose director is Andrew J. Biemiller, includes four legislative representatives, Walter J. Mason, George D. Riley, John Curran and Kenneth Meiklejohn, an assistant, John H. Beidler, and a technical and clerical staff. Hyman H. Bookbinder left the department in March 1961 to accept an appointment as Special Assistant to the Secretary of Commerce. Through its Administrative Committee, consisting of 14 legislative representatives of affiliated unions and trade departments, it coordinates the work of Washington representatives of affiliates and provides them with necessary services.

Activities

The department keeps a detailed voting record reflecting the positions taken by members of the House and Senate. These records are not designed for broad distribution, but are intended to be an aid in predicting congressional attitudes and otherwise assisting legislative work.

The department maintains a complete file of all bills and resolutions and committee reports filed in both houses of Congress. Printed hearings of congressional committees are catalogued and filed by the department. This file is used by other AFL-CIO

departments and affiliated unions.

Members of the staff helped with the planning and addressed legislative institutes for affiliated unions and assisted in planning for visits of officers and members of affiliated unions coming to Washington.

During the past two years the director and legislative representatives participated in many TV, radio and Labor News Con-

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ference programs. The department often was invited to speak at international union and central body conventions, university seminars, government and other meetings in the public interest.

In cooperation with the Department of Research, the department sponsored a 3-day economic and legislative conference in January 1960 to help advance the legislative program. Another conference was held in December 1960 emphasizing lobbying techinques as well as issues.

Information to Affiliates

The department publishes a pamphlet summarizing and evaluating the major actions of the Congress at the end of each session. The two most recent pamphlets are "Labor Looks at the 86th Congress" and "Labor Looks at Congress 1961."

In 1960 and 1961 fact sheets were prepared and widely dis-

In 1960 and 1961 fact sheets were prepared and widely distributed by the department as background information on current legislative issues before Congress. Eleven fact sheets were prepared and printed for distribution in 1960, seven in 1961.

Affiliated unions and state and local central bodies are kept informed on the status of important legislation by fact sheets, Action Bulletins, direct letters and leaflets. The department is responsible for maintaining the mailing list and distribution for these publications. More than half a million copies of the leaflet, "When You Write Your Congressman," were distributed.

Joint Minimum Wage Committee

During 1960 the Joint Minimum Wage Committee, consisting of representatives of 22 affiliates, coordinated activities on the minimum wage bill. Separately staffed, the committee published its own research and legislative materials and brought hundreds of delegates to Washington to aid in the minimum wage campaign. During 1961 the Joint Minimum Wage Committee was reactivated under the direction of department director Biemiller. The department also cooperated with a number of clearing house groups in support of other legislation.

Testimony

Because of the wide range of AFL-CIO interests, the department is active in testifying before Congress. During the past two years, 126 appearances were made or statements filed.

Department of Organization

Since the 1959 AFL-CIO convention, the Department of Organization has had a number of staff changes. Four field representatives and one regional director resigned, most to accept appointments elsewhere in the labor movement. Four field representatives and one regional director retired. Death took four members of the organizing field staff—William S.

Rowe, John A. Owens, Willard Murphy and Roy Franklin. Each of these representatives had faithfully served working men and women over the years in various organizing assignments.

Six field representatives were returned to active organizing status from the Speakers' Bureau, one later being transferred

to another department.

In the spring of 1961 the first of nine temporary organizers was assigned. These men, appointed directly from plants or local unions, are engaged on specific organizing campaigns for limited

periods of time.

As a result of these changes the current permanent field staff consists of 22 regional directors, 19 assistant regional directors, 108 field representatives—a total of 153, including four members of the headquarters' staff. In addition, there are 38 secretaries, stenographers and clerks, of whom four are headquarters personnel and 34 in field offices.

The following serve as directors and assistant directors of the

regions indicated:

Region I—New England States, Hugh Thompson, director; Franklin Murphy, assistant.

Region II-New York, New Jersey, Michael Mann, director;

Charles Hasenmeyer, assistant.

Region III—Pennsylvania, Henry McFarland, director; William B. Taylor, assistant.

Region IV—Maryland, Virginia and Delaware, Oliver W. Singleton, director.

Region V-North and South Carolina, Carey E. Haigler, director.

Region VI—Alabama, Georgia and Florida, Charles H. Gillman, director

Region VII—Louisiana and Mississippi, E. H. Williams, director; Robert Starnes, assistant.

Region VIII—Kentucky and Tennessee, Paul R. Christopher, director; Arthur J. Potter, assistant.

Region IX—Ohio and West Virginia, Jesse Gallagher, director; William L. Kircher, assistant.

Region X-Indiana, Hugh Gormley, director; Frank Cronin, assistant.

Region XI—Michigan, Herbert T. McCreedy, director; Pat McCartney, assistant.

Region XII—Wisconsin, Charles Heymanns, director; Robert Davidson, assistant.

Region XIII—Minnesota, North Dakota and South Dakota, Carl Winn, director; Harold Seavey, assistant.

Region XIV—Illinois and Iowa, Daniel J. Healy, director; Edward S. Haines, assistant.

Region XV-Missouri, Kansas and Nebraska, Delmond Garst, director.

Region XVI—Oklahoma and Arkansas, W. G. Pendergrass, director; Gobel F. Craven, assistant.

Region XVII—Texas, Lester Graham, director; A. R. Kinst-

ley, assistant.

Region XVIII—New Mexico and Arizona, Elmer P. Theiss, director; William J. Smith, assistant.

Region XIX—Colorado, Wyoming and Utah, Fred C. Pieper,

director; S. Wesley Johnson, assistant.

Region XX—Montana and Idaho, James Leary, assistant. Region XXI—Washington and Oregon, Chester C. Dusten, director; Claude Shaffer, assistant.

Region XXII—California and Nevada, Daniel V. Flanagan,

director; Irwin L. DeShetler, assistant.

Region XXIII-Puerto Rico, Agustin Benitez, director.

Armed with the responsibility of assisting affiliates to develop more effective organizing techniques, the department in March 1961 held a three-day working conference of its directors and assistant directors. During this conference the framework for establishing coordinated area organizing operations was developed. Subsequent to the conference, the regional directors, in cooperation with central labor bodies, co-sponsored the nearly 300 area organizing sessions described in the section of the report dealing with field operations.

At this conference also, the second edition of Organizaids, an organizing literature kit, was introduced. A more diversified kit than the first edition that had been prepared four years prior, this second edition has proven extremely popular among AFL-CIO unions. As of October 1, 1961, orders for over a million pieces of the kit material had been placed with the

department.

In the Department of Organization's effort to assist workers obtain the benefits of trade unionism, it has enjoyed the support and cooperation of the various AFL-CIO affiliates and other AFL-CIO headquarters departments and has been happy to assist the international union affiliates and other AFL-CIO departments, in turn.

Committee on Political Education

The growth of political organization on the state and local level is reflected in the increase in full-time state COPE directors and Women's Activities Department directors since our 1959 report. The number of state COPE directors has increased from 13 to 33. The number of Women's Activities Department directors has increased from 4 to 15. Fourteen of these state COPE directors and 10 of the WAD directors are employed by the state COPEs under the matching grant program.

National COPE is headed by National Director James L. Mc-

Devitt, assisted by Deputy Director Al Barkan and Assistant Director Philip Weightman, and includes a small professional staff: Walter Bartkin, comptroller; Mary Zon, research director; Frederick Dashiell, public relations director; Ray Andrus, education director; Tom Morgan, registration director, and Ethel Payne, writer.

Women's Activities Departments in states east of the Mississippi River are directed by Esther Murray, eastern director. Margaret Thornburgh, western director, serves all states west

of the Mississippi.

Nine area directors and one field representative represent National COPE in the field. The area directors are:

Area 1—Henry Murray: Maine, New Hampshire, Vermont, Massachusetts, Connecticut, New York, Rhode Island

Area 2—Hugh Mullin: Pennsylvania, Delaware, Ohio, New Jersey, Maryland, West Virginia

Area 3—Wilbur Hobby: Florida, Georgia, Kentucky, South Carolina, Virginia

Area 4—Darrell Smith: Illinois, Indiana, Iowa, Michigan, Minnesota, Wisconsin

Area 5—Daniel A. Powell: Alabama, Arkansas, Louisiana, Mississippi, North Carolina, Tennessee

Area 6—C. Al Green: Alaska, Hawaii, Idaho, Oregon, Washington

Area 7—LeMar Gulbransen: Arizona, California, Colorado, Nevada, Utah

Area 8—W. Don Ellinger: Kansas, Missouri, New Mexico, Oklahoma, Texas

Area 9-Walter F. Gray: Montana, North Dakota, South Dakota, Nebraska, Wyoming.

Field Representative Earl Davis is headquartered in Rich-

mond, Virginia.

Interest in political campaigns is accurately reflected in COPE contributions. Contributions received by COPE for the 1960 campaign were 34.9 percent higher than in 1956, the previous presidential campaign year. 1960 contributions by COPE to candidates and to state COPEs were 97.9 percent higher than in 1956. (The increase in contributions is disproportionate to the increase in collections because expenditures from educational funds in 1960 were eight times as great as those in 1956. The \$500,000 fund for the crash registration program was entirely separate from COPE funds.)

In 1960, 311 local unions and 46 national and international unions received 100 percent awards for meeting fully their obli-

gation to COPE.

Invaluable assistance is gratefully acknowledged from those dedicated members of the COPE Operating Committee who meet

at regular intervals with the national staff for the purpose of consulting with the director, reviewing all phases of the COPE operation and assisting in the formulation of policy recommendations to the Administrative Committee.

Department of Public Relations

The expanded public relations program initiated in mid-1958 has been carried on during the last two years with further additions and with a number of changes designed to enhance its effectiveness. There is, of course, no positive way to measure the results of a public relations program designed to influence the attitudes of those it reaches. The following is a summary of what the department has done and is doing, apart from the routine of press information.

Radio

AFL-CIO continued to sponsor the nightly news programs of Edward P. Morgan over the ABC network. During 1960-61 Morgan, already a winner of radio's highest honor, the Peabody Award, also received the Alfred J. Dupont Award, the Sidney Hillman Award, the Headliners Award and the School Bell Award of the National Education Association. The AFL-CIO shared in the plaudits for its policy of complete non-interference with the content of the program.

A severe and prolonged illness has made it impossible for John W. Vandercook to continue his distinguished radio career, and the AFL-CIO reluctantly cancelled this second nightly program.

Free-Time Radio

"Washington Reports to the People," recorded each week while Congress is in session and featuring a Republican and a Democrat discussing a current issue, increased in acceptance from 295 stations in 1960 to 455 this year.

"As We See It," on which officers and staff members of the AFL-CIO present labor's views on problems of the day, continued

on time made available by the ABC network.

A third free-time show, "Labor News Conference," was initiated this year. It features an AFL-CIO union leader interviewed by two outstanding newsmen. Not only is the program heard over major Mutual Broadcasting stations throughout the country, but it has consistently produced enough news interest to win space in the press.

Television

Production of the original AFL-CIO public service television program "Americans at Work," was discontinued after the 104th film, when the subject matter had been very nearly exhausted. However, 190 TV stations are still carrying the series, many for a second run. The air time already devoted to the series would have cost nearly \$3 million if purchased. The U.S. Information Service is showing the films in 23 foreign countries, and 28

stations in the Armed Forces network carry them.

Meanwhile, the AFL-CIO joined with the National Educational Television and Radio Center in producing a half-hour public affairs program, "Briefing Session." The 20 programs were seen on 60 commercial stations and the 46 NET stations. Edward P. Morgan acted as moderator of each discussion between two outstanding public figures on an issue with which they were identified.

Reaction from both viewers and critics was highly favorable. Nearly 2,000 transcripts were requested after they were first

offered, half way through the series.

For Labor Day 1960, the AFL-CIO produced a half-hour documentary film, "Land of Promise," which was shown over 93 stations of the ABC television network. A revised version was aired by 48 other stations this year. This highly praised film has had wide use elsewhere. It was a popular feature at the regional COPE conferences, and through the Department of Education, 208 prints have been rented (160 to union groups) and 30 sold.

The program of TV news releases on timely labor events was continued, with 72 events covered in the two years ending September 15, 1961. Returns from inquiry cards sent with each release indicate 67 per cent usage by TV stations receiving these

news clips.

Opinion Makers

The Speakers Bureau established in 1958 to encourage the appearance of union officials before college and community groups has grown in popularity. In the last two college years, speakers were provided for 906 meetings on college and univer-

sity campuses, with an estimated audience of 135,000.

The special film, "Twenty-Four Hours in Tyrantland," produced by the AFL-CIO to assist the U.S. Treasury's Savings Bonds campaign, has now been seen by half a million people. It received the Freedom Foundation Award in 1960 as the best non-theatrical patriotic film of the year, and is regarded by the Treasury's Savings Bond Division as the best film in its library.

The director of public relations is Albert J. Zack. Robert J. Wentworth is assistant director. The staff comprises Harry W. Flannery, George Craig, Tilford E. Dudley, Kenneth Fiester. Paul

Mills and Johanne Curran.

Department of Publications

The Department of Publications has in the past two years placed increasing emphasis on improving and expanding the use-

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fulness of AFL-CIO publications and improving distribution throughout the trade union movement, the labor press and to those groups who help mould and shape public opinion.

The AFL-CIO News

The weekly AFL-CIO News, normally a 12-page publication containing news, features, opinion articles and editorial comment, continues as a major avenue for dissemination of informa-

tion about and to the trade union movement.

In addition to its coverage of conventions of AFL-CIO affiliates and publication of important statements and testimonies, the News in 1960 played an important role in the presidential election campaign in terms of coverage of both the conventions and the campaign and in disseminating important policy positions and voting records.

The AFL-CIO American Federationist

The major change in the publications area since the last convention has been in the American Federationist. In the spring of 1960, the magazine was redesigned both as to content and appearance to increase its usefulness to the labor movement in providing detailed background information and opinion on a

wide variety of problems.

In July 1961, separate publications of the Department of Research and the Department of Education—Labor's Economic Review, Collective Bargaining Report, Economic Trends and Outlook, Education News and Views—were consolidated and made a part of the magazine to further enhance and broaden the publication's usefulness. All persons previously subscribing to or receiving the separate publications were sent copies of the magazine.

The material appearing in the Federationist since the spring of 1960 has been widely reprinted both in labor and non-labor publications. Many of the articles have appeared later in pamphlet or reprint form. They have been inserted in the Congressional Record and are being used by the U. S. Information

Agency in its overseas program.

AFL-CIO News Service

The AFL-CIO News Service is the key distributing agency for vital news, features and opinion to the nation's bona fide labor press. Produced on a three-times-a-week basis, and oftener to meet special situations, the service moves to approximately 450 labor newspapers; it is supplemented by a weekly mailing of photograph and cartoon mats to about 300 papers.

With an increasing number of local union papers appearing, the service is taking on added importance in aiding the labor press to present a balanced budget of national and international

news along with its local and special interest stories.

Pamphlets, Leaflets and Books

The Department of Publications has produced 26 publications, leaflets and books since the last convention in cooperation with other departments of the AFL-CIO, adding to the 35 publications

produced in the previous two-year period.

Publications in the past two years have covered the critical area of medical care for the aged, the Federation's legislative programs, a pamphlet on the history of union political activity and a major volume on the federal tax system, an important booklet on the Landrum-Griffin Act and material covering housing, consumer counselling, safety, rehabilitation and aging.

Noticiero Obrero Norteamericano

The Spanish-language publication, Noticiero Obrero Norteamericano, is edited and produced in the office of the President and is sent, airmail, to nearly 10,000 readers in Latin America. Issued semi-monthly since 1943, it brings news of the U. S. labor movement to unionists and others throughout Latin America and is performing a valuable service in promoting the understanding of U. S. labor among the peoples in these countries.

In February 1960, Bernard Tassler, who had served for many years as Managing Editor of the Federationist, resigned and entered government service. Saul Miller, director of publications, in July 1961, was named executive editor of the publication. Willard Shelton is managing editor of the AFL-CIO News. Assistant editors, who also assist with the magazine and other publications, are John M. Barry, Robert B. Cooney, Eugene A. Kelly, Gervase N. Love, David L. Perlman.

Department of Research

The Department of Research has continued to fulfill its responsibilities of reporting and analyzing developments in economics, collective bargaining and allied subjects by direct and indirect technical assistance to AFL-CIO officers, committees, departments and affiliates. Staff members have also continued to work with government and private groups to further acceptance and understanding of AFL-CIO policies. These activities take a variety of forms and include many different specific subjects.

The department performs the staff work of the AFL-CIO Committee on Economic Policy and its various subcommittees. The committee prepares statements on economic matters for pre-

sentation to the Executive Council.

Many research activities involve close cooperation with other AFL-CIO staff departments. Such legislative issues as the Fair Labor Standards Act, area redevelopment, taxes, international trade, monetary policy, atomic energy and resources, consumer

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activities, retraining and public works have absorbed much of the department's time. Staff members have prepared testimony and/or presented AFL-CIO statements on economic or technical issues to the Congress.

Other interdepartmental cooperation involves activities with the Education, Organization, International and Social Security

departments.

Department members have also assisted AFL-CIO officers, served as technical advisers, or AFL-CIO representatives at international labor meetings, such as ICFTU, ORIT, IMF. The research staff has also worked with U.S. government delegations as AFL-CIO representatives or public advisers to such international meetings as GATT, OEEC and IA-ECOSOC, and attended international meetings of technicians on specific issues.

Department members followed through with government and other groups after the passage of such legislation as Area Redevelopment and Fair Labor Standards Act to continue liaison with administrative developments as well as to provide sug-

gestions on administrative interpretation of regulations.

The research staff serves on a variety of government committees and maintains liaison with many branches of government agencies and departments on matters pertaining to economic and statistical problems. For example, the Labor Research Advisory Committee to the Labor Department and other similar advisory committees provides two-way communication concerning AFL-CIO and government policies. The department coordinates international unions' participation in Walsh-Healey Public Contracts hearings in the Labor Department and continues to work with the President's office in arranging labor representation on Puerto Rico minimum wage committees.

Writings on current economic and collective bargaining developments appear in the form of publications, articles for the Federationist, memoranda for committees, statements for presentation to congressional, government and public groups. The monthly publications, Labor's Economic Review, Collective Bargaining Report, and Economic Trends and Outlook, prepared by the department staff, have been incorporated in the Federationist since July 1961 and now appear as regular sections of that journal. Since 1959, the department has prepared three longer detailed, analytical publications: A Handbook on Federal Taxes, AFL-CIO Looks at Foreign Trade, Employment, Growth, and Price Levels, and revised such publications as Labor Looks at Automation and Consumer Beware!

Regular reports and specific help on collective bargaining problems include such items as financial data, analysis of collective bargaining proposals and national and industry wage and other data. Aid to affiliated unions and state bodies also involves general reports and specific analysis or consultation when requested.

The industrial engineering services of the department provide

this type of assistance, plus participation in arbitration pro-

ceedings and educational activities.

The department conducted two AFL-CIO Industrial Engineering Schools, two seminars for university professors and a training institute for junior research personnel of affiliated unions. Staff members participated in economic education sessions at affiliates' schools and with private groups such as the Joint Council on Economic Education.

In May 1961, Assistant Director Peter Henle left the department to become Assistant Commissioner, Bureau of Labor

Statistics, U.S. Department of Labor.

Department staff includes Stanley H. Ruttenberg, director, Nat Goldfinger, assistant director, and the following professional and semi-professional members: Seymour Brandwein, Frank Fernbach, Marvin Friedman, Bert Gottlieb, Bert Seidman, Ted Silvey, George Taylor, Anne Draper, Elizabeth Jager.

The research intern for 1961-62 is John Fryer.

Department of Social Security

The staff of the department was responsible for conducting a number of regional and national conferences on state social insurance legislation, including a mid-western conference in Milwaukee and a southern conference in Memphis in 1960 and conferences in Washington, D. C., and Denver in 1961.

The department also had the primary responsibility for organizing and coordinating the activities of the AFL-CIO and its affiliated organizations for the White House Conference on Aging. Staff members served on the national policy committee.

steering committee and as technical consultants.

In cooperation with the Department of Legislation members of the staff appeared before various committees of Congress, including the Interstate and Foreign Commerce Committee, Ways and Means Committee, Labor Committee of the House, and the Committee on Finance of the Senate.

The department was given the responsibility of organizing the inter-departmental staff for the passage of health care legislation under social security. The activities of three other depart-

ments were involved in this effort.

Departmental personnel held memberships or served in a consultant capacity on the following government advisory bodies: Federal Hospital Council; Surgeon General's Committee on Polio Control; TB Control Advisory Committee, U. S. Public Health Service; International Association of Industrial Accident Boards and Commissions; President's Committee on Employment of Physically Handicapped (Executive Committee); Council of State Governments, Committee on Workmen's Compensation Legislation; National Labor-Management Manpower Policy Com-

mittee; Federal Advisory Council on Public Assistance; United States-Mexican Trade Union Committee; Women's Bureau, U.S. Department of Labor; and Federal Advisory Council, U.S. Department of Labor.

Department members also served in policy-making activities

in 12 nongovernmental groups and organizations.

Staff members helped plan and direct two national conferences (in addition to those noted above), participated in the International Trade Fair in Berlin, spoke at 19 conferences conducted by non-labor organizations, participated in 26 educational institutes, addressed 7 international union conventions and 17 state conventions, lectured or took part in activities of 11 universities, and appeared on a number of radio and television programs relating to the field of social security and welfare.

The department was also responsible for the preparation of pamphlets and other materials, not only for use of the Department of Social Security, but for use of other departments and

affiliated organizations.

Department staff also provided technical services in negotiating health plans and pensions in connection with collective bargaining.

The editing and revision of American Federation of Labor, History, Encyclopedia and Reference Book was done by one mem-

ber of the department on special assignment.

In addition to the clerical force the staff consists of Nelson H. Cruikshank, director, and assistant directors Miss Lisbeth Bamberger, Mrs. Katherine Ellickson, Clinton Fair, and Raymond Munts; and Mrs. Mary Erb.

Office of the General Counsel

Of primary concern to the Federation are the significant problems of a legal nature. As the laws in our society, and particularly those concerning the labor movement, become more numerous and their interpretation more complex, the duties of the general counsel, the legal arm of the Federation become more exacting and intensified. The general counsel has demonstrated a creditable ability to protect and represent the legal interest of the AFL-CIO and the labor movement generally.

Since the time of merger, the Federation has maintained an admirable record in labor issues before the boards and courts. In addition, it has not, since that time as an organization, sus-

tained any money judgment against it.

The general counsel's office has consulted daily with the Executive Officers, department heads or staff members of the Federation on matters of a general legal nature. It has concerned itself not only with problems arising under the many state and fed-

eral laws existing at the time of our last convention report, but with those that have come into being since. In particular, the many difficult problems brought about by the passage of the Labor-Management Act of 1959, have received the special attention of this office.

It would be difficult to attempt here to detail the multiplication of legal situations brought about by the passage of this act. For example, constitutional revisions had to be considered and brought about where required; AFL-CIO rules and regulations had to be examined and amendments formulated; the interpretation and construction of this new law and of the many complicated and unduly burdensome reporting forms and financial statements required thereunder were undertaken; the drafting of analyses and reports covering these new requirements and the attendance at meetings and conferences concerning the drafting, redrafting and revision of such material required continuous attention. The time, effort and skill required of the General Counsel's office in the handling of the situations raised by the passage of this act have been prodigious. We feel it is enough to state here that in spite of this great task no harm to the Federation or its affiliates has resulted from their application of the statute as recommended by the general counsel and that the Federation's long-standing policy of appropriately complying with all the laws of the land has been fully and completely maintained.

The general counsel—J. Albert Woll—has been in attendance at all meetings of the Executive Council and he or his associates have participated in all committee and staff meetings where

legal counseling has been required.

Directors of various departments and committees of the Federation have called upon the general counsel's office for assistance in resolving problems arising in their activities. Problems raised by the merger of state and local central bodies have received constant attention and, when appropriate central bodies and Directly Affiliated Local Unions have had the assistance of our general counsel's office. The General Counsel has handled all legal matters where disciplinary action by the Federation has been required under constitutional policy and rules and regulations of the Federation. Counsel has consulted with and advised affiliated national and international organizations and has held many conferences with legal counsel representing these and other groups.

In the field of legislation the general counsel's office has made available all possible lega! assistance to the Federation by way of counseling, or the preparation of reports, analyses, and by actual appearance before committees of the Congress such as the Senate Judiciary Committee, the Senate Committee on Government Operations and the House and Senate Committees on Labor and Public Welfare. Similarly, the general counsel's office

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an En has continuously represented the legal interest of the Federation before various other government agencies and boards such as the Department of Justice, the Department of Labor, the Department of Commerce, the National Labor Relations Board, and the Internal Revenue Service. Representatives of the counsel's office have participated in numerous seminars and meetings conducted by educational bodies and labor organizations. These frank and informative discussions of the legal aspects of the trade union movement have contributed much to understanding and stability during trying times. Numerous articles and reports covering the legal aspects of labor relations were prepared during the past two years and have been published either in labor journals, books, periodicals, or contributed to outstanding university law reviews or labor relations publications. Generally these articles have been made available to affiliated organizations.

Litigation

Since our last report to the convention the general counsel's office has participated actively in court litigation both federal and state. It has also been exceptionally active during the past two years in Supreme Court litigation and has participated in cases in which many cardinal issues have been reviewed.

The infamous Brown-Olds remedy of mass reimbursement was successfully challenged in Carpenters Local No. 60 v. NLRB and Machinists Local No. 1424 v. NLRB which also involved intricate statute of limitation questions in reference to unfair labor practices. In Machinists v. Street, the Court held that the Railway Labor Act prevents a union from using an employe's dues money collected under a union shop agreement for political purposes where the employe objected to such use. At the same time the court set aside sweeping remedies designed by the Georgia courts. The applicability of the Norris-LaGuardia Act to strikes in breach of contract situations was involved in Teamsters Local No. 795 v. Yellow Transit; Federal preemption was the issue in Smith v. Evening News Associates; due process violations in the government security program were raised in Cafeteria Workers Local 473 v. McElroy.

The National Labor Relations Board has had many issues in the past two years which vitally affect the trade union movement. In many of the cases the Office of the General Counsel has participated on behalf of the Federation either through brief or oral argument. Among these cases were the Ideal Electric and Manufacturing Company and International Union of Electrical, Radio and Machine Workers AFL-CIO; Acme Fast Freight and John Tomarelli; General Motors and UAW; Ward Baking and Local 194, Teamsters; Boston Gas Company and Utility Workers Union of America; and the Restaurant Employees Union Stork Club case.

In several of these cases the AFL-CIO's efforts helped in securing the reversal of board decisions which originally were adverse to the union position. One of the most recent and significant reversals was in the General Motors case. In an about-face from an earlier ruling, the board upheld the validity under federal law of union contracts providing for an "agency shop" in those states having so-called "right-to-work" laws that forbid the traditional union shop requirement but do not forbid the agency shop. The union shop requires union membership as a condition of continued employment; the agency shop only requires the payment of a certain sum in lieu of dues by those employes who receive the benefits of union representation but who do not wish to become union members.

Numerous cases presenting significant issues are still pending before the Supreme Court and the labor board. In these the counsel will continue to represent the best interest of the AFL-

CIO and its affiliates.

The Library

During the past two years the Library has continued to increase its resources in order to serve more effectively the officers and staff at headquarters, AFL-CIO affiliates and all persons

engaged in research in the labor field.

The activities of the Library have centered on the acquisition of new books and pamphlets on labor and related subjects, subscriptions to additional periodicals to meet changing interests, obtaining missing journals and proceedings to complete the files, cataloging and ordering of current reference books, and the weeding of the book collection. The collection is rich in historic and rare publications and much time has been spent reproducing and laminating the material that is disintegrating.

There are approximately 26,000 volumes in the Library, and 48 vertical file cases of pamphlets and clippings. Due to the broadening of labor interests, this collection contains not only convention reports and proceedings of national and international unions, state bodies and government reports, but also books and pamphlets on social security, general economics, political science, labor economics and conditions, labor history, foreign relations

and many other subjects.

A Library Acquisitions Bulletin is issued bi-monthly and sent

to all departments of the AFL-CIO.

The Periodical Section receives 800 publications, including the journals and constitutions of national and international unions and of state bodies, labor papers, general periodicals of the United States and foreign countries, and trade publications. Many publications are channeled to various departments. All periodicals are scanned for pertinent information.

The Information File, which is separate from the book collection, is comprised of current as well as historical information concerning labor history. This file has been invaluable to those doing research in the labor movement.

A daily record is kept of all requests and circulation of material. During this two-year period 1,509 books and 3,036 periodicals were circulated, over 1,235 information questions were answered, and more than 2,505 library sources were consulted.

Over 1,000 pictures were received. They are being indexed and added to the picture file which was started two years ago. These photographs are mainly of past labor leaders and delegates and labor conventions here and abroad. This file will be of great value in the future.

The Trophy Section continues to interest visitors. This section contains a replica of the Samuel Gompers Monument, the personal library of Samuel Gompers, and showcases containing Samuel Gompers' and William Green's mementos and awards. Recently a copy of the Union Advocate, the first official journal of the AFL, was added. There were only six copies issued of Volume 1, June-December, 1887.

During the past two years 2,500 visitors have toured the

Library, representing 57 countries and 38 states.

Mrs. Eloise Giles, the former librarian, retired in November, 1960. Jean Y. Webber is now in charge of the AFL-CIO Library.

Trade and Industrial



Union Departments

In accordance with the Constitution, the Executive Council herewith transmits to the convention, without approval or disapproval, the following reports of the various constitutional departments of the AFL-CIO.

Building and Construction Trades Department

The Building and Construction Trades Department now provides its services to 544 local and 35 state and provincial building and construction trades councils, as well as to its 18 affiliated

national and international unions.

Aside from its normal operations, the department has been forced in the past two years to cope with a number of emergency situations. These included another economic recession; intensification of national defense, marked by a vast missile site construction program; worsening of jurisdictional difficulties with the Industrial Union Department and some of its affiliates, and a renewal of legislative threats against labor's basic freedoms. This report will deal with each of these situations.

Since the last convention, the Building and Construction Trades Department has had a change in executive leadership. On April 1, 1960, C. J. Haggerty, first vice president of the Wood, Wire and Metal Lathers International Union and a California labor leader for many years, assumed the duties of president of the department. He was chosen by the Executive Council

to succeed Richard J. Gray, who resigned after serving as presi-

dent since 1943.

The department wishes to attest to the hard work and stalwart leadership that Past President Gray gave to the department. During his tenure, the department grew in strength and influence. The department appreciates the devoted years of service given to it by Past President Gray and extends to him sincere wishes for continued good health and happiness for many years to come.

Economic Outlook

From the all-time high in physical volume of construction reached in 1959, there was a drop of 4 percent in 1960, accompanied by high unemployment. In the first half of 1961, construction expenditures were at record levels again, but not

employment.

Some segments of the industry showed strength—such as public utilities, industrial building, and school building. However, housing units (which rose in 1959) continued to decline during 1960 and the first half of 1961. It is hoped that the new Housing Act will provide the necessary impetus to the housing market.

Because of the increase in productivity and the growth of the labor force, construction expenditures, although at high levels, did not provide enough job opportunities. Unemployment in the industry averaged 12 percent in 1960. A consequence of this high rate of unemployment was a fall-off in apprenticeship training.

For those who were employed, weekly earnings continued to rise slowly. This rise was a result of a slight increase in hours worked per week and an increase in hourly earnings. As of mid 1961, weekly earnings averaged \$123 and hourly earnings \$3.47.

It must be remembered that annual earnings do not keep pace with high hourly earnings. Besides bad weather, there are other factors which restrict the yearly earnings. There is loss of pay, even in good weather, when the construction worker completes one job and must seek another. Thus in spite of high hourly earnings, yearly income of construction workers was below the national average, according to statistics from the Department of Labor.

The economic outlook for the construction worker for the near future seems brighter. Programs of the new national administration recently enacted by Congress should definitely stimulate the construction industry. There is still a large backlog of demand for construction. For example, in housing, the steady increase in the number of households and the present existence of over 10,000,000 sub-standard housing units constitute a steady pressure for new housing construction. The population increases of the 1940's and early 1950's which necessitated the tremendous step up in primary school construction will now exert pressure for new high schools and colleges. The escape to the suburbs still is proceeding, calling for commercial building as well as housing. The interstate highway program and the airport modernization plan will present many employment opportunities for building and construction tradesmen.

Legislative Activities

During the past two years, the department devoted a great deal of time and effort to legislation. Our program, as adopted by the Executive Council, included:

1. Situs Picketing

2. Davis-Bacon Modernization

3. School Aid and Construction Bill

4. Comprehensive Housing

- 5. Depressed Areas Legislation6. Medical Care for the Aged
- 7. Fair Labor Standards Act Amendments

8. Airport Modernization

 Support of Accelerated Construction of the Interstate Highway System

10. Corrective Amendments to the Taft-Hartley Act.

To further this program, the department convened two National Legislative Conferences in Washington, one March 14-17, 1960 and another March 20-23, 1961. Over 3,500 building tradesmen from all parts of the country attended each of these conferences. The conferences have been credited with having a tremendously favorable influence on the Congress. Moreover, it has been found that these conferences serve an educational purpose as delegates from all the different trades and sections of the country meet and exchange ideas and experiences.

In addition to its extensive correspondence, and the legislative legwork of the department's Legislative Working Committee, the department presented its views in testimony before many congressional committees. For example, last year the department presented statements before the House Education and Labor Committee, the Senate Subcommittee on Employment and Manpower, the House Subcommittee on Labor, and the Senate

Government Operations Committee.

In all legislative matters the department worked closely with the AFL-CIO Department of Legislation. We supported legislation not only of concern to labor itself, but all matters con-

cerning public welfare.

With the advent of the Kennedy Administration some progress was made toward the enactment of our legislative program. For example, Congress enacted and the President signed into law the depressed area legislation, the minimum wage bill, the accelerated highway program and a comprehensive housing measure.

Situs Picketing Bill

Our efforts towards the enactment of our number one legislative objective—the passage of the situs picketing bill—continued. Bills to accomplish this were introduced in the 86th Congress and the department presented testimony at Hearings

before the Labor Committee of both the House and the Senate. The majority and minority leadership of both the Senate and House assured the then Senator Kennedy in 1959 that this measure would be brought to the floor for a vote in the final session of the 86th Congress. The House Committee on Education and Labor reported favorably the situs picketing bill by a vote of 21 to 5; but the House Rules Committee for five months refused to report the bill out for a House vote. The Senate subcommittee under the chairmanship of Senator Kennedy also reported the bill to the full committee where the obstructionist tactics of Senators Everett Dirksen (R-III.) and Barry Goldwater (R-Ariz.) prevented its moving to the floor of the Senate for a vote before adjournment.

Again before the 87th Congress, the situs picketing bill was introduced in the Senate by Sen. Pat McNamara (D-Mich.) and in the House by Rep. Frank Thompson (D-N.J.). In hearings before the House Subcommittee on Labor, Department President Haggerty, AFL-CIO Legislative Director Biemiller, Secretary of Labor Goldberg, and others, testified in favor of the measure. Regrettably the Industrial Union Department then interposed with an amendment which had the effect of preventing passage and splitting congressional supporters of the legislation.

If this were not enough to kill our bill, another obstacle to passage followed. House Labor Committee Chairman Adam Powell (D-N.Y.) charged the building trades with discrimination and stated he would "do everything in my power to prevent any legislation favorable to the craft unions from coming out of our committee." The department protested vigorously, but was unable to obtain committee action on this legislation at the first session of the 87th Congress.

Davis-Bacon Bill

Our efforts to modernize the Davis-Bacon Act to bring it into line with today's conditions have not been successful. At the beginning of 1961, the department made several changes in our proposals in an effort to secure a wider degree of legislative approval.

Senators Herbert Humphrey (D-Minn.) and Thomas Kuchel (R-Calif.) co-sponsored a bill (S. 1360) to include employer's payments to fringe benefits funds for pension, and health and welfare purposes in the Secretary of Labor's predetermination of the prevailing wage. Contractors who do not pay such benefits are at an advantage with fair union contractors whose labor costs include such benefits. In a separate bill, these same legislators (joined by Rep. John Fogarty (D-R.I.) also sponsored a bill requiring the payment of at least time and one-half for hours in excess of 40 on government construction jobs.

Neither of these bills was acted upon in either House or Senate.

On the state level, however, some of our members have been successful in convincing their legislators of either the need for adopting a prevailing wage provision for state-financed work or for improving the present law to include fringe benefits.

Political Education Fund

For the first time the Department established a political education fund. At the Seventh National Legislative Conference held in March, 1961, delegates voluntarily contributed \$10 each, and with almost 100 percent participation, the fund was well established. Each contributing delegate received a gold card signifying his participation in this new and important phase of the Department's activity.

Missile Problems

The department issued a no-strike policy on missile bases immediately after President Kennedy's State of the Union message in which he called for an acceleration of the whole missile program. Prior to this policy statement, work stoppages were low, running at the rate of 1.5 percent of time worked, according to industry estimates. Following the department's action, stop-

pages were reduced to less than ½ of 1 percent.

However, the success of the Russian scientists in the development of rocket booster power and the resultant achievements in space exploration led to a search for a scapegoat and labor was selected. By digging up isolated instances long ago corrected, the McClellan Committee (two months after our nostrike pledge) held a series of hearings in an attempt to blame labor for the missile lag. The hearings adjourned without giving Department President Haggerty a chance to answer these charges in person, although his statement was made a part of the record. Senator Wayne Morse (D-Ore.) later delivered a stirring address to the Senate presenting an impressive array of evidence showing that the much-publicized attempts to blame labor for our lags at missile bases were largely trumped up. He also presented evidence that delays were due to non-labor factors, such as the inordinate number of change orders resulting from the policy of concurrent production and construction. Copies of this speech were widely circulated throughout the country.

President Kennedy then issued an executive order establishing a program for resolving all labor disputes at missile and space sites. The department joined in implementing this order, feeling it was fully consistent with our no-strike policy previously announced. President Haggerty was appointed a member

of the Missile Site Labor Commission.

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Disputes at missile sites were already very low but time lost (in relation to time worked) has now reached according to government officials an "infinitesimal percent."

National Joint Board

On April 1, 1961, the National Joint Board for the Settlement of Jurisdictional Disputes in the Building and Construction Trades Industry commenced its 14th year of operations. There was relatively little change in the total number of work stoppages during 1959 and 1960 as compared with previous years. Considerable reductions were made in the time lost by disputes. While at times our international unions have not been entirely satisfied with all the decisions of our Joint Board, it is recognized that this board has been an instrument by which a great deal of time and money have been saved for our unions and the membership.

Much fine work has been done in settling many disputes either locally or between international representatives for their respective trades. International representatives have improved upon the time required to meet and adjust these jurisdictional disputes. Many disputes were resolved by cooperation between disputing international unions, employers and the chairman of the National Joint Board and thus did not require Joint Board action.

The National Joint Board continues to enjoy public confidence and prestige within the industry. It is looked to by all parties, the federal government agencies, local officials, the press, and by labor relations experts, as the established agency to handle jurisdictional problems in the construction industry. The National Labor Relations Board has cooperated fully with the Joint Board in accordance with the clear legislative intent of Congress to encourage the private settlement of these disputes within the industry. On January 9, 1961, the United States Supreme Court in its ruling on the Radio and Television Broadcast Engineers Union case, ruled that the National Labor Relations Board must make a decision as to which craft shall perform particular work tasks. This Supreme Court ruling in effect strengthens the Joint Board because members who are signatory to the Joint Board can and must first avail themselves of the procedures in this plan.

Apprenticeship and Training

Apprenticeship training is generally considered by training authorities in the United States to be the best way to acquire the all-round proficiency of a skilled building trades worker.

The Department of Labor in its studies, indicates that there

will be by 1970 a 45 percent net increase in employment in construction. In addition to this growth, many new workers will have to be trained to replace those who will retire or die; this figure estimated at between 20 and 25 percent during the decade of the 1960's. Thus to provide for replacements and a 45 percent growth, the number of new workers should equal at least 65 to 70 percent of the present work force of 2.9 million. In addition, replacements will be needed for those skilled craftsmen who leave the building trades to enter other fields of work.

In the light of swiftly changing technology in construction, all our affiliated unions are also reexamining their position on journeymen training. Our unions are making strenuous efforts to

keep abreast of changing conditions.

One of the vexing problems that confronted us this year was the recurrence of charges of discrimination because of race in our apprenticeship program. Rep. Adam Powell (D-N.Y.) issued charges of discrimination in apprenticeship programs, particularly in building trades occupations. We realize that not a single international union affiliated with this department refuses to admit qualified Negro members, either by constitutional provision or by national policy. We realize that in the 8,000 odd building trades unions there may be instances of discrimination in certain areas of the country, and we will continue to call upon our affiliated unions to do all they can to end everywhere the evil of racial or other discrimination. We know that the trade union movement has done more in this field than most, but we must continue by education and persuasion to do all we can to realize our aim of brotherhood without any discrimination because of race, creed or national origin.

Safety

One of the most vital, if not the most vital, problem confronting building tradesmen is safety. Construction by its nature is a hazardous occupation. Although our safety record shows improvement year by year, it is still too high. In 1960, for example, 207,000 building tradesmen were injured while working. Of these 2,400 were killed and 5,900 suffered some form of permanent physical disablement. Both our injury frequency rate and the severity rate are three times greater than in manufacturing.

During the past two years our affiliates have intensified their safety program and will continue to implement these programs toward further reducing our accident and injury ratios.

Legal Activities

There has been a substantial extension of federal law into the activities of the building and construction trades unions since

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the National Labor Relations Board's assumption of jurisdiction over the building and construction industry in 1947 after the Taft-Hartley Act was adopted and by the enactment of the Landrum-Griffin Act of 1959. The department has, therefore, been called upon to increase its legal activities. The department has endeavored to aid in the coordination of the legal operations of its affiliated national and international unions and of its constituent councils and to undertake certain legal matters, directly, in the fields of legislation, litigation and administrative agency matters.

Conferences were held after the enactment of the Landrum-Griffin Act among the legal representatives of the affiliated unions and the department to consider the proper interpretation and application of the new law. The department also participated directly in the presentation of its views on this subject in the conferences held with officials of the United States Department of Labor prior to the issuance by Secretary of Labor

Mitchell of his interpretations in December 1959.

Among the many legal developments which have occurred since the last convention, the following are of particular interest:

In the Boston Gas Co. case, the National Labor Relations Board ruled that an otherwise valid labor agreement is not a bar to a petition if a checkoff clause provides that notice of revocation must be given to both the employer and the union. This decision unsettled the existing arrangements in many industries. The department, as did other unions, filed a brief stating its views that the decision was without legal foundation. The board reversed itself, along the lines urged by the department

and others, in 130 NLRB No. 126.

The successful organizing activities of the Honolulu Building and Construction Trades Council in Hawaii were made the subject of a legal challenge by the Hawaii State Construction Workers Union (Independent) based upon the charge that the building trades agreement had been executed without proof that the trades represented a majority of the employes in the unit. The department filed a brief in this case contending that section 8(f) of the Taft-Hartley Act (a section of the law which was enacted as part of the Building and Construction Trades Amendment of 1959) required the dismissal of the unfair labor practice charges filed by the independent union. The department's position was sustained by the general counsel of the National Labor Relations Board.

The department also participated in the establishment of the rule adopted by the general counsel of the board that it is permissible to strike for an exclusive hiring hall clause. This point was established in a case involving the Operating Engineers in

Seattle, Wash.

In the "T C I" case (Steelworkers v. National Labor Relations Board, 48 LRRM 2116), the department filed a brief amicus curiae in the United States Court of Appeals for the District of Columbia Circuit which contended that the action of the plant employes who were members of the Steelworkers Union, in removing a number of building and construction tradesmen from new construction work on plant property, was not consistent with law. The Court of Appeals (Judges Prettyman, Reed and Bazelon) unanimously upheld the position for which the department contended. The language of the court's opinion also proved the validity of the department's contention in the hearings on the situs picketing bill that the "T C I" case did not involve the Denver Building Trades rule. The court's decision did not even cite the Denver Building Trades case. A petition for reconsideration was filed by the Steelworkers which was opposed by the National Labor Relations Board and the department. The court unanimously denied the Steelworkers' petition.

The filing of the petition, however, delayed the final decree until August 16, 1961, thus making it impossible to undo the adverse effect of the Steelworkers' opposition to the situs picketing bill before the close of the legislative session in September.

In the American Cyanamid Co. case, the National Labor Relations Board at first decided that a maintenance unit could not be established in a plant if an industrial union petitioned for a broader unit. The department filed a brief and presented oral argument to the board for the purpose of reversing this decision. The board then reversed itself and returned to the 17-year-old rule, that maintenance units can be established if justified by the facts.

The position of the United States Court of Appeals for the Ninth Circuit reversing the Mountain Pacific Rule of the National Labor Relations Board, in which the department had participated, was affirmed in the case of Teamsters v. National Labor Relations Board (Los Angeles and Seattle Express), 365 U. S. 667 by the Supreme Court of the United States.

The Brown-Olds doctrine was reversed by the Supreme Court in the case of Carpenters Local 60 v. NLRB, 365 U. S. 651.

The department was directly involved in the presentation of views to the Internal Revenue Service, which lead to its relaxation of the rules applicable to the deductibility for income tax purposes of expenses of construction workers while away from home.

The general counsel of the department served as a member of the Advisory Panel of the Senate Labor Committee which brought a report containing recommendations for improvement in the procedures of the National Labor Relations Board. He also testified to the same effect before the Pucinski Committee.

The department also presented its position on the application of its Davis-Bacon Act to workers employed on missile bases to the committee appointed by the Secretary of Labor.

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Building and Construction Trades Department—IUD Dispute

The Building and Construction Trades Department, as one of the oldest branches of the legitimate labor movement, knows full well the need for unity. Over the years we have learned that the classic maneuver of anti-labor forces in industry and the Congress is to exploit the differences which exist between unions in the labor movement.

It would be quite superficial to pretend that differences do not exist or that the correct solution is for one or the other side

to suppress its own views.

However, there is a distinction between the expression of partisan views within the house of labor, or the exercise of legitimate powers to protect the interests of a particular labor group, and the acts of commission and omission which have the

effect of aiding the anti-labor cause.

We regret and deplore the fact that when Senator McClellan's Committee engaged in a selective investigation of the building and construction unions involved in the missile program, the IUD adopted a public position of silence. The Building and Construction Trades Department performed a creditable job of pointing out that labor could not justly be made a scapegoat for the lag in the missile program—a lag primarily due to the confused organization of the program, inordinate change orders, and the inability of our scientists to compete successfully in the development of heavy rocket boosters. The Building and Construction Trades Department did not attempt to relieve itself of its burdens by directing public attention to the problems of the industrial unions in the missile program. The cause of labor unity would have been advanced if assistance and support had been forthcoming from the industrial unions just as the building and construction trades gave them support in the steel strike and the Kohler dispute.

We are also of the opinion that the cause of unity would have been advanced if the IUD had supported the unanimous action of the Executive Council endorsing the situs picketing bill. We do not believe that the tenuous legal technicalities advanced by the IUD constituted justification of its conduct in opposing this bill. When the Executive Council has approved a legislative measure it would seem that a subordinate body of the AFL-CIO should be governed by such approval. The only groups profiting from the internal division of the labor movement on this labor bill were the entrenched industrial interests which have fought this bill notwithstanding its approval by President Eisenhower, President Kennedy and strong bi-partisan elements in the Con-

gress

We are pleased to note that after the Building and Construction Trades Department replied to the charges presented against

it by the IUD to President Meany in April, 1961, the IUD recognized in its subsequent statement that the real issue is "the necessity of establishing internal disputes machinery which will avoid the necessity of charge and counter-charge before the President of the AFL-CIO and the Executive Council".

We heartily subscribe to the IUD statement in this subsequent

document that:

"There is more important work for the labor movement to do than to spend its time in dealing with matters which, no matter how they are resolved, do not advance in the slightest the cause of the labor movement".

Other Activities

Among the direct services rendered by the department has been the work of the five U.S. regional directors and the three Canadian regional directors. They have been extremely helpful in solving a great number of complex local council problems. In addition, they have also acted as trouble-shooters in various situations called to our attention by affiliated unions or by local

councils.

To keep our councils and affiliated unions informed of important and significant events and actions, the department has employed its official monthly publication, the Building and Construction Trades Bulletin. To indicate the extent of interest in this publication, one issue, dated October 1960, indicating our preference for the election of John F. Kennedy, attained a record-high circulation of 900,000. The department also provided its affiliates with other publications, directories, proceedings, and informational pamphlets.

Industrial Union Department

The Industrial Union Department now has 59 affiliated unions with a total industrial worker membership of six million.

In keeping with its constitution, membership in the department has remained "open to all national and international unions and organizing committees which are organized in whole or

part on an industrial basis."

Since the last AFL-CIO convention, nine unions have ceased being affiliated with the IUD; eight have either disaffiliated or been suspended and one—the National Agricultural Workers Union-has merged with the IUD-affiliated Amalgamated Meat

Cutters and Butcher Workmen.

The major problem confronting industrial labor today, as it is for all Americans, is the quest for peace and freedom. The industrial unions—centered at the heart of the nation's economy understand the threat of tyranny. Born in struggle, they recognize that peace is meaningless without freedom.

Industrial unions, along with all other free American labor, wholeheartedly support the President's efforts to prevent the horror of a hot war without surrendering the human dignity and rights of the individual that we consider essential to our way of life.

The IUD is convinced, however, that the crucial importance of international affairs can never be permitted to serve as an excuse for neglecting badly needed social progress at home. Despite general prosperity, periodic recessions continue to create heavy unemployment and suffering. Even worse, during periods of economic recovery the rate of joblessness continues at a dangerously high level.

Industrial workers were the chief victims of the 1960-61 recession. Again, management used a surplus labor market as a

weapon at the bargaining table.

This tough attitude was first symbolized nationally by steel management when it forced its employes to strike to prevent destruction of working rules established through years of collec-

tive bargaining.

Management's get-tough attitude reached a climax in electrical manufacturing where the General Electric Corporation resorted to the "no-bargaining" attitude embodied in its philosophy of Boulwarism. The IUE fought a historic battle and held its forces intact against the company's worst onslaughts and ugly propaganda. Currently, the IUE is pressing charges of refusal to bargain before the National Labor Relations Board. If charges are upheld, employers will no longer be able to refuse with impunity to bargain with unions of their employes.

Despite this attitude, gains were made during the recession and industrial union contracts once again served as a buffer against a deeper economic downturn. With the end of the recession, industrial unions such as the United Automobile Workers were able to resume their steady march toward full social justice.

The IUD has worked with its affiliates in an effort to solve the many serious problems confronting the nation's industrial workers. It has sought, at the bargaining table and through the halls of Congress, to help these workers secure a fair share of their increasing productivity and to bring them the benefits instead of the evils—of a changing industrial complex created by automation and other aspects of the new technology.

In line with constitutional requirements, the IUD Executive Board has met at least annually. In addition to acting upon matters of internal business, both the Executive Board and the department's Executive Committee have acted upon policy mat-

ters affecting IUD affiliates and their interests.

Department policies have been carried out under the direction of IUD President Walter P. Reuther. Administrative and financial activities have been conducted under the direction of Secretary-Treasurer James B. Carey. Staff and regular depart-

ment activities have been directed and coordinated by Administrative Director Jacob Clayman and Organizational Director

Nicholas Zonarich.

The IUD continued to support and assist financially organizations and causes of importance to labor and the nation. This assistance has included aid to the battle on behalf of migratory workers, assistance in the successful fight for a depressed areas bill, support in the struggle to extend civil and human rights, help in the protection of consumer interests, contributions on behalf of free labor unions in newly developing nations and other aid in domestic and international labor affairs.

The president, secretary-treasurer, and the two directors have served as the IUD's chief spokesmen—representing the views of industrial labor before congressional committees and in the pres-

entation of public statements.

The Department's president and secretary-treasurer, plus its 14 vice-presidents—two vacancies to be filled at its Fourth Constitutional Convention—constitute the IUD Executive Committee. Vice-presidents are: I. W. Abel, J. A. Beirne, Joseph Curran, Gordon Freeman, A. F. Hartung, Albert J. Hayes, O. A. Knight, Paul L. Phillips, William Pollock, Frank Rosenblum, Louis Stulberg, and Arnold Zander.

The IUD's Third Constitutional Convention was held two months after the AFL-CIO's 1959 convention. Following policy adopted at its convention and supplemented at meetings of its Executive Board, the department has expanded its activities as a service center for its affiliates. These activities have stressed the importance of coordinated efforts in both collective bargain-

ing and organizing.

Various sections of the department have continued to provide technical assistance to affiliates as well as working on matters of general concern to all industrial unions. IUD sections now include: research, education, publications and public relations, legal, legislative, social security, farm and resources and engineering. The activities of these sections have given the IUD a reputation as an important department which provides valuable services to its affiliates and effectively represents the views of industrial unionism within the AFL-CIO and before the general public.

In addition to these sections, the department has established offices in Philadelphia, Pa., and Greenville and Spartanburg, S. C., as a part of its coordinated organizing program. Working with the staffs of cooperating affiliates, these pilot organizing projects have sought to end inter-union organizing strife at the plant gates and bring about a rebirth of the joint organizing efforts that were so successful in the 1930's and 1940's.

As of the end of September, the Philadelphia project had reported 39 victories out of 51 representation elections in which it participated. The Spartanburg-Greenville project, started

during 1961, has resulted in five representation election victories, one recognition of bargaining rights through a cardcount, and no losses. Three representation petitions were pending at the writing of this report.

Work Jurisdiction Problems

The IUD and its affiliates were in full accord with the AFL-CIO convention's action in 1959 calling for final and binding arbitration as the terminal step in internal disputes procedure. The department pledged its continued efforts to seek the good-faith solution of disputes "until such time as the special convention authorized at San Francisco shall act upon constitutional amendments to make effective the plan for disputes settlement . . ."

In the absence of agreement on the needed constitutional procedure and the calling of a special AFL-CIO convention, the department has attempted to work within the framework of the agreement reached with the Building and Construction

Trades Department in February 1958.

Unfortunately, as the IUD pointed out at the time the "Miami Agreement" was reached, this disputes procedure provides no terminal point and no enforcement power. The settlement of disputes at the local level under the first "team" step of the machinery contrasted with the general failure to reach agreement at later steps, has substantiated the position of the industrial unions.

While a breakdown of "Miami Agreement" cases would seem to indicate a decrease in the number of jurisdictional disputes between affiliates of the IUD and affiliates of the BCTD, experience has shown that the drop in cases can more accurately be described to an abandonment of the machinery by unions that consider the agreement incapable of resolving conflict.

Industrial unions are convinced that the lack of a terminal point in the "Miami Agreement" has doomed it to failure. The very limits of the agreement's procedure have made it impossible to enforce past practices as a basis for settling rival jurisdic-

tional claims.

IUD recognition of the weaknesses in the "Miami Agreement" led the department to propose the initiation of new efforts by both the department and the BCTD aimed at jointly arriving at more effective machinery. In February 1960, IUD Secretary-Treasurer James B. Carey, urged the AFL-CIO to reactivate and enlarge the permanent IUD-BCTD committee originally established by resolution at the AFL-CIO merger convention.

Following approval of this proposal, a revised IUD-BCTD was established and instructed to work with the Internal Disputes (Hayes) Committee in formulating the constitutional procedure

mandated by the 1959 AFL-CIO convention.

The IUD-BCTD committee has held two meetings, June 15, 1960 and February 17, 1961. While both departments have submitted drafts of proposed constitutional language, there has

been no agreement.

The IUD proposal, now before the BCTD for consideration, calls for new building and construction work to be performed by building and construction trades unions and production and maintenance work to be performed by industrial unions. The department has stated that work that does not fall within either of these areas "may be performed by either, depending upon the nature of the work and the prevailing practice in similar plants in the industry or area."

During the period that the IUD-BCTD committee was attempting to reach agreement on jurisdictional disputes between the two departments, the Hayes Committee continued to work in the specific areas placed before it by the 1959 AFL-CIO convention.

At the suggestion of AFL-CIO President Meany, both the IUD and BCTD had representatives present during an August 21, 1961, meeting of the Hayes Committee. During this meeting, the IUD proposed that constitutional language for the settlement of jurisdictional disputes be based upon the non-aggression principle implicit in the AFL-CIO merger.

The department pointed out that without acceptance of this principle, jurisdictional conflict could never be solved. Under this principle, the IUD declared, all former AFL and CIO unions would retain the full jurisdictional rights they had enjoyed

prior to the merger.

The IUD also emphasized the importance of eliminating all inter-union boycotts, suggesting that the boycott problem is directly tied to the question of jurisdictional disputes and can only be resolved when the non-aggression principle is constitutionally asserted. IUD spokesmen proposed that these two issues be given top priority in the Hayes Committee efforts to reach agreement on all of the internal disputes problems.

During the Hayes Committee's August meeting, tentative agreement was reached to consider a new proposal based upon the non-aggression principle. Draft language, prepared by the committee, is now being studied by both the IUD and the BCTD.

While the raiding of representation rights by sister unions has continued to decrease, the raiding of work performed by the members of another affiliate still creates a serious problem. It was this conflict over work that led the IUD and the BCTD to take opposing positions, for the first time since merger, on labor legislation under congressional consideration.

The IUD fully recognizes and has traditionally supported the legitimate efforts of the BCTD unions to secure legislative relief from the unjust Denver Building Trades ruling of the National Labor Relations Board. During the last few years, however, the

board has broadened its Denver Building Trades ruling to include

restrictions against industrial unions.

IUD President Reuther brought this matter to the attention of the BCTD during that department's 1961 legislative meeting. He proposed that the bill supported by the BCTD unions on situs picketing be amended to provide equal relief for industrial unions. Failure of the two departments to agree upon legislative language led the IUD to support a measure introduced by Rep. Elmer Holland (D-Pa.) that would have provided equal protection for both industrial and craft unions.

Another jurisdictional problem that has increased in intensity during the period since the last convention concerns the efforts of certain building and construction trades unions and their employers to secure the traditional maintenance work of industrial

unions through project maintenance agreements.

The primary purpose of these agreements is to induce industrial employers to contract out maintenance work performed by their own employes. As such, the project maintenance agreement clearly violates the non-aggression principle of the AFL-

CIO merger.

In 1959, unions affiliated with the BCTD, the Teamsters, and seven national construction contractors' associations formed the Construction Industry Joint Conference. A brochure published by this group was sharply criticized at the February 1960 meeting of the AFL-CIO Executive Council by IUD President Reuther. The brochure's theme, "we build it; we can maintain it for less," urged manufacturing employers to contract out their work and thereby eliminate many of the hard-won gains secured by industrial workers. A number of IUD affiliates have protested specific project maintenance contracts under the "Miami Agreement," where the disputes are still pending.

Industrial labor's concern with the project maintenance program was strengthened in April 1961, when the NLRB handed down its Fibreboard decision. In this case, the board upheld a company's right to terminate its maintenance force—despite collective bargaining agreements since 1937—and contract out

the work.

Board member Fanning pointed out in a dissenting opinion that "as a result of the majority's decision, employers by the simple expedient of unilaterally subcontracting work may abolish every job in a collective bargaining unit and thereby eliminate union representation." NLRB General Counsel Stuart Rothman

has asked the board to reconsider its ruling.

Nowhere have the jurisdictional disputes between AFL-CIO unions had a more adverse effect on the labor movement than at the nation's missile sites. Disputes, headlined by the McClellan Committee, have helped to create the erroneous impression that unions are partially responsible for this country's failure to keep pace with Russia in the space race.

Jurisdictional disputes between industrial and craft unions at the missile sites have been caused by the efforts of certain craft unions to obtain the work performed by industrial union members in the final stages of various manufacturing processes. These craft unions have sought this work by urging the broad inclusion of Davis-Bacon Act clauses on missile base jobs.

In an effort to resolve these jurisdictional problems, Labor Secretary Arthur J. Goldberg created a Missile Sites Public Contracts Advisory Committee early this year. Testifying before this committee, IUD Organizational Director Nicholas Zonarich called for the establishment of "clear-cut criteria" governing the application of the Davis-Bacon Act. BCTD unions opposed the establishment of any criteria and the Labor Department has, as yet, not issued a directive.

President Kennedy issued Executive Order No. 10496 on May 26, 1961, setting up a Missile Sites Labor Commission to study the jurisdictional dispute problems. IUD President Reuther is a member of the commission and Organizational Director Zonarich is an alternate. This commission has now issued policy statements dealing with construction work and the work performed

by the employes of industrial firms.

Intervention of the government into the internal problems of the AFL-CIO serves as a warning that the labor movement must find ways to settle its own disputes or face the threat of punitive legislation or hostile action by a future, and anti-labor, administration.

Organizational Disputes and No-Raid Agreements

The IUD convention, November 16-17, 1961, marked the 10th anniversary of the Organizational Disputes Agreement created by the former CIO. In this period, 140 cases have been processed through some step of the agreement, with 97 cases resolved prior to arbitration and 43 decisions handed down by the arbitrator.

The IUD has continued to work closely with the office of the AFL-CIO secretary-treasurer in handling disputes coming under the No-Raid Agreement. In the period from October 1, 1959, through September 30, 1961, there were 68 cases processed. Forty cases were resolved, 11 decisions were handed down, and 17 cases are pending.

The IUD has conducted four major conferences in the period since the last AFL-CIO convention. Each of these conferences was designed to be of assistance to the department's affiliates while at the same time presenting industrial labor's viewpoint to

the public.

Two of the four conferences dealt exclusively with legislative issues and were attended by a large number of delegates from areas throughout the country. In addition to labor union officials, spokesmen included political leaders of both major parties, congressional leaders, and prominent members of the Kennedy Administration.

A conference on "Retirement and Leisure in Industrial Society" was the first national conference to be sponsored by labor dealing with the problems of aging and programs of preand post-retirement education. Delegates included unionists,

university, community, and government leaders.

A conference on the "Problems of Working Women" also was the first of its kind to be sponsored by the labor movement. The two-day meeting heard union officials, government experts, and congressional leaders discuss the needs of working women. Delegates represented IUD affiliates as well as consumer groups.

Joint Committees and Technical Meetings

The IUD's program of coordinated collective bargaining activities has continued to expand as affiliates recognize the importance of unions working closely together when they bargain

with a common employer.

The IUD's activities in the potash industry proved to be the best example of the benefits of unity and coordination. Under the chairmanship of the department, four international unions with collective bargaining rights at six potash mining companies in the Carlsbad, N. M., area were able to negotiate an industry contract for the first time. This joint bargaining committee, representing 4,000 workers, succeeded in eliminating incentive plans in the industry and won many substantial wage and working condition improvements.

At the same time, with the assistance of the IUD, one of the department's affiliates was able to win bargaining rights at the last production and maintenance unit held by the Mine, Mill and

Smelter Workers in the area.

Other IUD-coordinated committees have proved helpful in bargaining with seven other industrial companies and a number of industries. The IUD's General Electric-Westinghouse Conference polled the membership of five affiliates negotiating with these firms and, from 23,000 individual replies, helped the unions prepare their contract proposals.

Besides discussing bargaining programs, the coordinated industry and company meetings present intensive related economic data and provide for an exchange of experience and information.

Publications and Public Relations

The Department's Publications and Public Relations Section has continued to issue the IUD's three regular publications—the Digest, Bulletin and Fact Sheet. It also has issued a wide variety of pamphlets and leaflets as an important part of the

department's over-all program. The IUD now has 43 publications, with hundreds of thousands of copies having been distributed within affiliated unions, at state and county fairs, to educational and religious groups and by other means.

The IUD's public relations program has been aimed at creating a clearer public understanding of industrial labor's viewpoint. The department has issued numerous press releases in connection with congressional testimony, the speeches of IUD officials, and issues of importance to its affiliates.

In addition to these releases, IUD Executive Board meetings, special conferences, and department research projects have been utilized to obtain coverage in the daily and labor press, tele-

vision, radio, and specialty magazines.

The section has continued to provide direct field assistance to affiliates in organizing and strike situations.

Research

The IUD Research Section has continued to enlarge upon its activities of compiling data for the department's growing number of joint industry and company coordinating committees. This work included preparing financial and economic analyses and comparing information on wages, fringes, insurance, and pension plans.

Recognition of the enormous increase of white collar workers in American industry has led the section to undertake extensive research on the changing nature of the workforce. The department has sponsored four training seminars on the need for organizing white collar workers since the last AFL-CIO convention and additional meetings and research in this field are now

being planned.

Another important function of the section has been to supply the services of a substitute research department for many of the IUD's smaller affiliates. The section, in addition to answering "spot" requests for information, has helped in the preparation of economic demands, supplied technical information for bargaining, and—at times—been called upon to participate in negotiations.

The section also has prepared special studies for the department dealing with such subjects as "Foreign Experience with Depressed Areas" and analyses of corporate business practices.

Education

The IUD's Education Section has concerned itself primarily with conducting staff training programs and conferences and providing teaching materials for the programs of the department's affiliates. The section has participated in 50 staff programs, of which 32 were IUD-sponsored.

It has conducted staff training programs for nine affiliates in addition to holding organizational institutes in conjunction with

the department's pilot organizing projects.

Subjects on which material has been provided to affiliates include: labor law and NLRB proceedings; arbitration; job evaluation and wage determination; union communications; wages, productivity and labor costs; legislative issues; grievance handling; and instructor training.

The section has also worked closely with universities and the National Institute of Labor Education in the development of

new and experimental programs for the labor movement.

Social Security

The IUD's Social Security Section has continued to engage in collective bargaining and legislative activities and in litigation involving the security of workers against the hazards of old age, illness, and unemployment.

The section has worked closely within the AFL-CIO in the drafting of legislation, in preparation of materials explaining the features of the proposed legislation, and in presenting sup-

porting testimony before congressional committees.

Many of the section's activities have been centered upon the need for providing health care for the aged through social security. The section also worked to secure federal legislation extending the duration of unemployment compensation benefits. At the state level, the department helped to secure legislation overcoming court rulings that penalized the recipients of supplementary unemployment benefits.

The 1960-61 recession again pointed up the need for improving collective bargaining programs in the areas of pensions, insurance, and health protection for industrial workers. The section has worked with a number of affiliates to improve their contracts and provide additional security for their members.

Legislative

The IUD Legislative Section has continued to work closely with the AFL-CIO Department of Legislation in carrying out the over-all legislative program of the AFL-CIO. It has represented the department on several AFL-CIO subcommittees and has represented the interests of industrial labor in its work with

Congress.

During the first session of the 87th Congress, the IUD presented testimony on 26 issues. These included: the make-up of the House Rules Committee and Senate Rule XXII; area redevelopment act; housing act; minimum wage; foreign aid; federal aid to education; NLRB reorganization; the proposed disarmament agency; migrant labor; medical care for the aged; "truth in lending"; monopoly and price fixing problems; and

pension and welfare disclosures. Testimony has been presented by the IUD's officers and department staff specialists.

The section has helped prepare and conduct the department's annual legislative conferences and has assisted in planning three area redevelopment conferences, held as an aid to economically distressed communities.

As in previous years, the section also has worked closely with COPE and such organizations as the National Consumers League, the Civil Liberties Clearing House, and various other groups.

The section's former legislative representative, Mrs. Esther Peterson, has been appointed Assistant Secretary of Labor.

Engineering

The IUD's Engineering Section has now been expanded to include organizational work with the nation's many independent and affiliated groups of engineers. It also will provide assistance to affiliates requiring aid on industrial engineering problems.

During the period since the last AFL-CIO convention, the section worked with a number of affiliates on industrial engineering matters. These included: collective bargaining problems, arbitration cases, and the review and analysis of wage determination plans. A change in IUD personnel temporarily deactivated the section.

Community Activities

The retirement of John Brophy, active in the American labor movement for almost three-fourths of a century, has terminated the IUD's Community Activities Section. The department held a special luncheon this August, honoring Brophy's service in the cause of industrial unionism.

Before his retirement, the IUD had actively cooperated with the AFL-CIO Community Services Committee and a number of non-labor welfare groups. It had participated in a large variety of important community activities meetings and conferences.

Legal

The IUD lost its general counsel when Arthur J. Goldberg was appointed by President Kennedy as Secretary of Labor. In his place, the department has retained its former counsel's law firm: Feller, Bredhoff and Anker.

The department's Legal Section has continued to play an important role in the fight against anti-labor legislation. It prepared, and sent to all affiliates, a full analysis of the Landrum-Griffin Act and has worked with industrial unions on important legislation at the state level.

It has testified on the various situs picketing bills considered

by Congress and has helped prepare testimony on a number of other issues of concern to industrial unions.

The section has continued its work on litigation involving the taxability of strike benefits and has sent to the counsels of all affiliates a memorandum covering the Internal Revenue Service's ruling on the Kohler strike case in this area.

As in past years, the section has continued its practice of assisting affiliates of the IUD on questions of general importance to industrial unions. In a number of cases, it has prepared and filed amicus curiae briefs for the department. It has also actively participated in presenting the views of industrial unions on questions before the NLRB, including the Board's own operating procedure.

Resources and Agriculture

The IUD's Resources and Agriculture Section has worked on programs of interest and importance to industrial labor in the fields of resources conservation, development, and agriculture. It has provided research, educational, and legislative assistance to affiliates and to non-labor groups.

It also has worked closely with the Research and Legislative departments of the AFL-CIO in such areas as: protection of the non-profit electric power groups, effectiveness of regulatory agencies, migrant farm legislation, and proposals and programs aimed

at helping the consumer.

The section has cooperated with such non-labor groups as: National Farmers Union, Electric Consumers Information Committee, Western States Water and Power Consumers Conference, Potomac River Development Association, and the National Council on Agricultural Life and Labor.

In addition, the section has presented industrial labor's views to farm organizations, provided technical assistance on agricultural and resources problems to members of Congress, and has served in an advisory position to IUD legislative representatives.

Future Role

The period since the AFL-CIO's Third Constitutional Convention has continued to demonstrate the IUD's value to the merged labor movement. In the next two years, the department expects to expand its services to affiliates with renewed emphasis in the areas of coordinated organizing and coordinated bargaining. It will continue its work of representing industrial workers with the AFL-CIO and before the general public.

Since its formation, the IUD has scrupulously filed financial reports and transcripts of its Executive Board meetings with the Executive Officers of the AFL-CIO, in accordance with Article

XII, Section Four, of the AFL-CIO Constitution.

Metal Trades Department

During the past two years the efforts and interests of the Metal Trades Department have continued to be devoted to best serve the mutual aims and purposes of its affiliated international unions. This period again has been one of substantial further activity, challenge and progress for the department.

The number of workers represented by the unions cooperating through local metal trades councils chartered by this department

has continued to grow.

There has been no change in the number of the department's affiliated international unions since the 1959 convention. The department is still composed of 20 national and international unions. Again we must report that up to this time none of the former CIO metal working unions has affiliated with the Metal

Trades Department.

Several new local metal trades councils have been chartered during the past two years. These new councils, functioning in different industrial areas, were organized and chartered in response to the need felt in these local areas and communities and upon the request of the local unions of our affiliated internationals who recognized that the formation of such councils would provide them with an important means of coordinating their acitvity and working together in concert for the mutual best interests of those they represent.

In accordance with its established policy, the Metal Trades Department has continued to encourage its affiliated international unions to make all possible use of the organizing staff of the AFL-CIO in connection with their joint organizing efforts. Such organizational facilities should be taken full advantage of to the greatest possible extent in order to bring into our local metal trades councils through the affiliated local unions large additional numbers of yet unorganized workers who can thus

achieve the maximum benefits of collective bargaining.

Negotiations conducted through the medium of our local metal trades councils in their capacity of bargaining representatives for the workers of all crafts and trades in shipyards, atomic energy plants, in petroleum and in non-ferrous metals industries and many other types of industrial establishments have resulted in sound and substantial gains in improved working conditions, wage rates and fringe benefits to such workers.

The department has continued to render valuable assistance in the negotiations conducted by its local metal trades councils through supplying information and materials as well as by

advising and consulting with the negotiators.

In addition, where the local metal trades councils have requested such assistance and the circumstances have warranted, the department has actually participated in various negotiations in the interests of the workers involved.

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Atomic Energy

Employed in the various installations of the Atomic Energy Commission are currently more than 100,000 workers engaged in operation and maintenance work who are on the payrolls of the various corporations which operate such plants under con-

tract to the AEC.

The Metal Trades Department's affiliated unions and the local metal trades councils holding bargaining rights at such installations continue to maintain their major position as spokesmen for most of the organized workers in the operation and maintenance of these installations both in the United States and in Canada.

Approximately two-thirds of all the organized workers in these installations are represented either through chartered local metal trades councils or directly through affiliated unions of

the department.

There still remain several major AEC installations where the operating and maintenance workers are not as yet enjoying the benefits of collective bargaining. The department and its affiliated unions will continue to direct their energies to the end that such workers may obtain the advantages and the improvements in their working conditions presently enjoyed by the vast majority of the organized workers in atomic energy plants.

Labor-management relations problems in AEC installations continue to require considerable time and effort in solution. The AEC continues to underwrite and subsidize the costs of its operating companies in promoting the type of industrial relations policies which the particular operating company practices in its

own plants.

These operating companies continue to be effectively insulated against the use of economic pressure through strike action because of these subsidy policies of AEC, which has done nothing during the last two years toward equalizing the position of the

parties in their collective bargaining relationships.

During the past year, for the first time, the department was faced with an abject refusal of an operating contractor, the General Electric Company, to accept recommendations made by the Atomic Energy Labor-Management Relations Panel to that company and the Hanford Atomic Metal Trades Council as a basis for settlement of deadlocked negotiations which threatened the continuity of the atomic program.

Although the Hanford Atomic Metal Trades Council was ruled against in connection with many of the deadlocked issues, it nonetheless, indicated a wholehearted willingness to accept the panel's recommendations as a basis of settling the entire con-

troversy.

The General Electric Company not only declined to accept the recommendations of the panel, but proceeded to spend thousands of dollars of public funds in preparing for a strike which the

council not only did not desire, but which could not occur if the corporation complied with the presidential panel's recommendations.

During the long experience of the Metal Trades Department with the panel process in this industry, this is the first and only time that an operating contractor has declined to accept panel recommendations and has used public funds in promoting its

resistance to the same.

Only after this situation was brought to the attention of the President of the United States directly and he was advised that it appeared to be necessary to strike this installation in order to get the operating company to comply with his panel's recommendations, was the corporation moved off of its previous adamant position sufficiently so as to allow for a settlement to be worked out.

This settlement did not fully accommodate all the panel recommendations, but did incorporate several additional features and in the over-all, therefore, was found acceptable by the

workers involved.

Despite the unwarranted provocations engaged in by the General Electric Company, not one hour of time was lost in obtaining for these workers a significant break-through of the pattern of settlement which this corporation was successful in imposing on other organized groups in its privately owned plants in the East.

Equity and fair play demand that our government find a solution to assure to workers in its AEC installations that public monies will not be used to promote private corporate purposes

or to defeat equitable collective bargaining.

During the past two years the Metal Trades Department has continued its active interest in the protection of workers from radiation hazards and in the development of adequate workmen's compensation programs to cover radiation injuries and diseases.

The amendment to the Atomic Energy Act passed by the 85th Congress in September 1959, requiring the AEC to turn over to states their regulatory responsibility with respect to by-product, source and special nuclear materials upon the request of a state and upon certification by the AEC that it has a program for control of radiation hazards which the commission finds compatible with its program, has made it necessary for the department to continue and intensify its efforts in the field of radiation protection.

The department, in this connection, has actively worked in concert with the AFL-CIO to assure that this potentially hazardous release to states incompetent to cope with the problems peculiar to atomic energy would not result in an impairment of the protections on which the workers are entitled to rely for their safety and good health.

In this connection the department has played a major role in

consultations with AEC officials and in positions taken before the Joint Committee on Atomic Energy by the AFL-CIO on this entire problem.

Continued diligence and vigilance in this area must be maintained if, under the guise of states rights, workers are not to

lose adequate safeguards against radiation.

In conjunction with its biennial conventions, the department holds conferences of delegates from its atomic metal trades councils and representatives of its affiliated unions concerned with atomic energy. The department also has a standing committee to assist in the coordination and promotion of the mutual interests of its affiliates in consultation with the Department officers on atomic energy matters.

Metal Mining

The problems in the non-ferrous metals industry continue to receive the active attention and concern of the Metal Trades Department. The national importance of non-ferrous metals cannot be measured by the relatively small size of this as compared with other industries.

The preservation of our domestic industry and our domestic capabilities for the production of such vitally needed metals as lead, zinc, copper, uranium, molybdenum and others makes it imperative that these industries be maintained and their skilled work force properly employed and compensated and not left to

the vicissitudes of international markets and supply.

The Non-Ferrous Metals Council, chartered by the department on behalf of its local metal trades councils and the locals of its affiliated unions with members employed in this industry, continues to serve as a vehicle for coordination of the organized workers in this field.

Annual conferences of this council were held both in 1960 and in 1961 at Salt Lake City and were participated in by the various affiliated Union representatives, local unions and councils.

These annual meetings and the activity of this council serve to promote and coordinate the activities of the affiliates so that they may continue to effectively combat the efforts of several industrial type unions endeavoring to enter the non-ferrous industry and to eliminate the craft rights and status of our affiliated organizations.

The effort to displace a chartered metal trades council as the certified bargaining representative in one of the largest uranium operations in the United States through the all-out raiding efforts of several affiliated industrial type unions was effectively repulsed by the workers in a National Labor Relations Board

election.

This election was ordered and went forward despite the clearcut recommendation in favor of our metal trades council made by the impartial umpire under the no-raiding agreement. During the past two years the Metal Trades Department continued its efforts to promote the best interests of the workers in the non-ferrous metals industry through its appearances before the U. S. Tariff Commission in connection with lead and zinc investigation in support of the Comprehensive Resources and Conservation Bill introduced in both 1960 and 1961 and the related Lead and Zinc Small Producers' Bill.

Whenever possible the department has pointed up the need for the development of an effective long range domestic minerals policy and program by the federal government which would give full recognition to the need for stabilizing and maintaining these vital domestic industries while at the same time, allowing for the achievement of the legitimate aspirations of the workers in the industries and the interests of the consuming public.

Throughout, the department has held firmly to the well established principle of the trade union movement down through the years as favoring a maximum of foreign trade which can be carried on without undermining domestic wage structure and

working conditions and causing unemployment.

Shipbuilding and Ship Repair

The shippards of the maritime nations of the world delivered 764 merchant vessels of some 7.75 million gross tons in the year 1960.

This is a slight decrease from the 1959 totals and a very substantial decrease from the all time records reached in 1958.

Japan continued last year to hold its first place in deliveries of new merchant vessels, delivering a total of 150 such vessels of almost 1.66 million gross tons. The United Kingdom maintained its second place on deliveries, followed by West Germany, Sweden, the Netherlands, France, Italy and then the United States in eighth position with deliveries of 20 vessels of about 333,000 gross tons.

Since the last convention report the United States dropped from fifth position which it had held in 1958. Last year our merchant vessel deliveries reflect only 2.6 percent of the world total of vessels delivered and only about 4 percent of the gross

tonnage in 1960.

The relative position of the United States with respect to construction under way or on order as of January 1, 1961 was a poor one. We were in ninth position among the shipbuilding nations of the world with only 58 vessels on order on that date.

Although the United States is still listed in first place among the nations of the world in the size of its merchant fleet, we hold this position only because of the some 1,900 merchant ships in our government's so-called "mothball fleet" which account for well over half of our total gross tonnage.

Exclusive of our "mothball fleet" we find that our actual

functioning American merchant marine would rate us only in a poor fourth place, behind the United Kingdom, Liberia and Norway.

The appropriations and ship construction subsidies are again meager this year and will allow only for the construction of 14 cargo and combination ships under the replacement program, and again do not provide the funds required for the construction of the two superliners authorized by the Congress in 1958.

Although total United States ocean-borne foreign trade has increased substantially since the close of World War II, our United States flag participation in the hauling of this cargo has shrunk markedly until today we are carrying less than 10 percent of the ocean-borne commerce coming in and going out of our country in U. S. flag vessels.

Again it must be pointed out that United States companies and their affiliates are continuing large scale construction of new merchant vessels in foreign yards for operation under foreign flags.

In January 1961 these companies were building or had on order in foreign yards 91 merchant vessels aggregating almost 3 million gross tons and all scheduled for foreign flag operation.

These vessels will be added to the fleet of some 461 vessels of almost 7 million gross tons which United States companies and their foreign affiliates were operating under foreign flags as of the first of this year.

Our great and growing American purchasing power should be contributing substantially to the development and maintenance of a strong and modern U. S. flag merchant marine. Instead, our foreign trade is generating the growth of modern merchant fleets operated by U. S. companies and their affiliates under foreign flags.

It is imperative that prompt action be taken to close the doors which have made "runa vay" foreign flag operations so profitable.

The Pacific Coast Master Shipbuilding and Ship Repair Agreement, covering practically all of the shipbuilding and ship repair on that Coast and negotiated by our Pacific Coast District Metal Trades Council for and on behalf of its affiliated local councils and their affiliated local unions has been further improved during the past two years with substantial increases in wage rates and additional benefits in employment conditions.

This agreement continues to stand as an outstanding model of cooperative bargaining relationships with the workers in an entire industry in one of our major coastal areas cooperating and coordinating their representation and bargaining through their local metal trades councils and the Pacific Coast District Metal Trades Council with uniform benefits flowing therefrom to the workers of all crafts and trades engaged in Pacific coast shipbuilding and ship repair work.

During the past two years the Metal Trades Department continued its efforts to promote the best interests of the workers in the non-ferrous metals industry through its appearances before the U. S. Tariff Commission in connection with lead and zinc investigation in support of the Comprehensive Resources and Conservation Bill introduced in both 1960 and 1961 and the related Lead and Zinc Small Producers' Bill.

Whenever possible the department has pointed up the need for the development of an effective long range domestic minerals policy and program by the federal government which would give full recognition to the need for stabilizing and maintaining these vital domestic industries while at the same time, allowing for the achievement of the legitimate aspirations of the workers in the industries and the interests of the consuming public.

Throughout, the department has held firmly to the well established principle of the trade union movement down through the years as favoring a maximum of foreign trade which can be carried on without undermining domestic wage structure and working conditions and causing unemployment.

Shipbuilding and Ship Repair

The shippards of the maritime nations of the world delivered 764 merchant vessels of some 7.75 million gross tons in the year 1960.

This is a slight decrease from the 1959 totals and a very substantial decrease from the all time records reached in 1958.

Japan continued last year to hold its first place in deliveries of new merchant vessels, delivering a total of 150 such vessels of almost 1.66 million gross tons. The United Kingdom maintained its second place on deliveries, followed by West Germany, Sweden, the Netherlands, France, Italy and then the United States in eighth position with deliveries of 20 vessels of about 333,000 gross tons.

Since the last convention report the United States dropped from fifth position which it had held in 1958. Last year our merchant vessel deliveries reflect only 2.6 percent of the world total of vessels delivered and only about 4 percent of the gross

tonnage in 1960.

The relative position of the United States with respect to construction under way or on order as of January 1, 1961 was a poor one. We were in ninth position among the shipbuilding nations of the world with only 58 vessels on order on that date.

Although the United States is still listed in first place among the nations of the world in the size of its merchant fleet, we hold this position only because of the some 1,900 merchant ships in our government's so-called "mothball fleet" which account for well over half of our total gross tonnage.

Exclusive of our "mothball fleet" we find that our actual

functioning American merchant marine would rate us only in a poor fourth place, behind the United Kingdom, Liberia and Norway.

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Apprenticeship

The great strides which are being made in science and industry have placed increased demand on the need for workers with highly developed craft skills capable and competent to meet the challenges of our increasingly complex industrial economy.

Presently we have only about 8.5 million skilled craftsmen in the United States, while it is estimated that by 1970 our

economy will demand the skills of about 11 million.

At present, in the aggregate, our apprenticeship programs are turning out less than 40,000 completions a year, which number is not anywhere near enough even to meet the needs to fill the places of skilled workers whose services are lost each year for reason of death and retirement.

It has been estimated that in order to have the 11 million skilled workers which will be needed in our work force by 1970 we should be turning out almost 250,000 graduates a year from

our apprentice programs.

It is still all too prevalent a practice in industry for it to obtain its skilled workers by pirating rather than to develop the same by instituting with the unions full fledged apprenticeship in order to assure a non-failing source of skilled craftsmen.

For many years the president of the department has served as a member of the prime advisory group in the apprenticeship field, namely, the Federal Committee on Apprenticeship, which advises with the Secretary of Labor on the whole area of appren-

ticeship problems.

It is significant to note that apprenticeship programs and skill improvement programs for journeymen are receiving the growing attention of more and more affiliates of the department, many of which have full time representatives assigned to develop and promote joint apprenticeship programs and to up date existing programs so that they keep abreast of new developments and processes in their respective trades.

By action of its 1959 convention the department has established a standing Committee on Apprenticeship on which are represented many of its affiliated unions particularly concerned

with this vital area.

This committee, meeting quarterly, studies and makes recommendations on various phases of apprenticeship of mutual

concern to the affiliates of the department.

The department and its affiliated unions are vitally concerned with the steps taken by the government during this past year with reference to training and retraining of unemployed workers to the end that such training does not become a vehicle for the fragmentizing of the skills of the craftsmen and thus jeopardize our obtaining the numbers of fully trained skilled workers which our country so sorely needs.

Such programs as may be evolved for the training of unemployed workers must and should be planned so as to not invade or weaken bona fide apprenticeship as the unique and only satisfactory means of obtaining skilled journeymen of the various trades.

The appointment by the new Secretary of Labor of a career apprenticeship civil servant to direct the activities of the Bureau of Apprenticeship and Training of the Department of Labor is heartily concurred in by the department and its affiliates.

The person selected had been serving as executive director of the apprenticeship activities of the Bureau and in other capacities for many years. He is a good, sound trade unionist and is himself, a product of the apprenticeship program in his craft. Under his leadership we are certain the Bureau will move forward actively to meet the challenges ahead.

Vocational Education and the "Technician" Problem

The interest and concern of the trade union movement in developing and maintaining adequate vocational education as an important part of our public school system and controlled by

the public was recognized over half a century ago.

It has been the position of the trade union movement that such education to be maintained on a sound basis, must be under public control and supported by public monies in order that such vocational or industrial education not be brought under the domination of private trade schools and institutions dominated by corporations.

From the outset the trade union movement has insisted that such publicly supported training facilities should in no way be used or designed to replace apprenticeship with its unique methods of gaining skill and knowledge through the blending of working directly on the job with related classroom training.

The full support of labor was instrumental to the enactment of and strongly supports the Smith-Hughes Vocational Education Act and the George-Barden Act, which form the cornerstones of public vocational education.

Title VIII of the National Defense Education Act of 1958, Public Law 85-864, continues to warrant the attention and con-

cern of the Metal Trades Department.

The report to the 1959 convention dwelt in considerable detail with the "technician" program and problems brought into being by the unfortunate wording contained in this section and which was introduced as a floor amendment by Senator Prescott Bush (R-Conn.).

This so-called "Bush amendment" limited the use of funds authorized by this title exclusively to the training of individuals "to fit them for useful employment as highly skilled technicians in recognized occupations requiring scientific knowledge . . . in

fields necessary for the national defense."

Despite the references in other provisions of this title of the law to the training of persons as skilled workers, including related training for apprentices, in addition to the training of "technicians," the Office of Education in its programming and implementation of the law follows the limitations as contained in the referred to Bush amendment which limits such programs to the training of "highly skilled technicians."

The department has provided the leadership in the formulation of an informed committee composed of representatives of vitally concerned craft unions, trade associations, and the American Vocational Association. This committee has met on a continuing basis with officials of the Department of Health, Education and Welfare, the Office of Education, and particularly

with the Vocational Education Division of that office.

A constant effort has been made to make certain that the regulations, bulletins and other publications issued by and the policies adopted by the Office of Education and implementing this title of the law would not close the door to programs worked out by labor and management for apprentices and journeymen through which they can gain the needed knowledge and techniques to keep them in step with the changes in technological and scientific advancements in their respective trades or crafts.

This tripartite group has persisted in its endeavors to make certain that the so-called "highly skilled technician" programs planned and supported under this provision of the law would not invade the recognized areas of the skilled trades. Such programs should not become the vehicle for breaking down and destroying the skilled crafts by using federal funds to turn out from two year classroom programs, so-called "highly skilled technicians" who could be used by employers to tear down craft standards and encroach upon craft work areas.

The diligent, consultative work done by this tripartite group has been of immeasurable value to all crafts. It has resulted in developing an awareness of these problems by the persons administering this program and it has been reflected in important changes in the policies and programs which they have formu-

lated.

The so-called Bush amendment of Title VIII however, still constitutes a severe restriction limiting and preventing full implementation of programs in keeping with the broad principles

and purposes reflected elsewhere throughout this title.

When the first session of the 87th Congress considered extensions to the National Defense Education Act a strong case was presented for the removal of the limitations of the Bush amendment which was not opposed by the new secretary of the department of Health, Education and Welfare who had been conferred with previously on the need for this change.

It is significant to note that the committees of both houses of the Congress were convinced of the need for this change and

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included it in their reports of proposed amendments to the Na-

tional Defense Education Act.

Unfortunately, because of the problems encountered in the Congress in connection with all education bills, the consideration of amendments to this act, recommended by the respective congressional committees was dropped in order to obtain its extension for an additional two year period.

The need for the removal of the present limitation of the use of funds under this law for the training of so-called "highly skilled technicians" is still of utmost importance and must be

effectively pursued with the Congress.

Vocational Rehabilitation

We should all have the greatest possible opportunity to exercise our skills, knowledge and ability to the utmost. This goes for those suffering physical incapacities as well as for those who have been more fortunate.

It is basic to our concept of equity and fair play that we make certain a full opportunity is provided to assure those less fortunate that they have full and equal opportunity to the dignities

which come with earning one's own livelihood.

The Office of Vocational Rehabilitation of the Department of Health, Education and Welfare, is charged with responsibility in this field.

The national program of vocational rehabilitation in the past two years has moved into territory of great significance to dis-

abled persons everywhere.

New concepts of help for the disabled are growing from the use of imaginative research and the bold planning necessary to convert them into practical use. The broadening and strenthening of the entire program is of interest not only to organized labor but to all citizens.

Under congressional direction, the Department of Health, Education and Welfare has made arrangements with state rehabilitation agencies to make determinations of individual disability among OASDI applicants to the end that those found feasible

for rehabilitation may be offered services.

In 1960 a considerable advance was made through the amendments to the social security laws in the concept of rehabilitation and return to work instead of prolonged idleness through injury coupled with the philosophy of compensation for injury and that of rehabilitation. The amendments to the social security laws changed the age provision and cash disability benefits by removing the limitation of age 50 so that disabled workers of any age could benefit.

The provision for a trial work period of 12 months for those endeavoring to return to work during which they could continue to receive benefits was also enunciated. Other amendments in

1961 liberalized coverable requirements for insurance benefits to

widows, widowers and orphans.

A new dimension was added to rehabilitation this year when the Office of Vocational Rehabilitation granted assistance to five projects designed to promote rehabilitation of persons with disabilities severe enough to cover them for social security cash disability payments.

The research and demonstration projects conducted by this office approach disability problems from all angles and up to the present time more than 500 projects have been completed, are

in operation or have been approved.

Some of these are concerned with aspects of workmen's compensation and the rehabilitation program. Many more are concerned with developing the potentials of disabled persons in industry and are designed to explore and find the means to provide greater understanding of the ways to help the disabled into employment.

For several years the president of the department was privileged to serve as a member of the National Advisory Council on Vocational Rehabilitation on behalf of the trade union movement. This statutory body advises with the administration on

all types of vocational rehabilitation problems.

We all recognize the dignity and pride which comes from making one's own living and in doing a job well. These rewards should not be limited only to those who are endowed with good physiques and who have been fortunate enough to enjoy freedom from physical impairment from accident.

The many thousands of human beings less fortunate still deserve and should have their rightful opportunity to fully exercise their capabilities as workers for work they are capable of

doing, regardless of physical impairment.

The vital service of rehabilitating the disabled is moving forward steadily so as to more nearly meet the demands of the working man.

Veterans' Vocational Rehabilitation and Education

Two programs are administered by the Veterans Administration, which offer education or training to veterans of World War II, or the Korean Conflict.

The Rehabilitation Program is designed to restore employability lost by virtue of handicap due to service connected disability. The Readjustment Training Program assists veterans in

their readjustment to civilian life.

The Rehabilitation Program makes provision for training the more severely disabled veterans in their homes, in sheltered workshops or in other training situations which provide the special type of assistance needed. Vocational counseling prior to training insures that the veteran selects an occupational goal

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consistent with his interests, aptitudes, abilities and residual

capabilities.

By the end of June, 1961, 67,000 veterans of the Korean conflict had entered training under this program. About one-third had enrolled in institutions of higher learning and almost one-half in other kinds of schools, with one-sixth training on the job and the remainder on farms. More than one-third of those disabled in the Korean conflict have trained for trade and industrial occupations.

More than 600,000 disabled veterans of World War II have received rehabilitation training. Two-fifths of this group pursued training on the job. A monthly average of 5,600 Korean veterans and 200 World War II veterans were in training under

this program during the past school year.

The Readjustment Training Program is larger, embracing practically all veterans of World War II and the Korean conflict. This is true because practically all veterans of World War II and the Korean conflict were eligible to benefit by its provisions.

Under this program veterans elect to take training in approved courses in colleges or other schools such as vocational or trade

schools.

They may train in approved on-the-job courses either in an apprenticeship for three years or for two years in other training

on the job.

As of June 30, 1961 more than 2.3 million of the 5.5 million Korean veterans had entered training, more than half in institutions of higher learning. More than one-third of them had enrolled in other schools, vocational, technical and trade. One-tenth trained on the job and the remainder on farms in combination with related school training.

It is significant to note that three in five of the on-the-job

trainees were enrolled in apprenticeship programs.

A monthly average of 175,000 Korean veterans were training under this program during the past school year. Only a few

World War II veterans were still in training.

Another program administered by the Veterans Administration provides educational assistance for the children of veterans who died as a result of a disability incurred in line of duty during World War I, II, the Korean conflict and/or during draft period while engaged in extra hazardous service.

As of June 30 of this year, 30,100 orphans had entered training under this program in colleges or in vocational and technical schools below the college level. Almost half of the orphans who

enrolled under this program have been women.

The president of the department has been privileged to sit on the Administrator's Advisory Committee for Vocational Rehabilitation and Education for a number of years. A majority of the committee has shared his concern over the expiration of educational grants to veterans under existing law, P.L. 550, which does not allow for veterans who were not a part of the armed forces prior to January 1, 1955 to be eligible for these readjustment training educational grants.

We previously have expressed and still firmly believe that this legislation must be extended so as to provide educational monies for all veterans during the period that draft laws or compulsory

military service are in effect.

Certainly one who has served his country under draft law requirements in the years ensuing since the Korean conflict ended and persons presently drafted when the world is poised on the brink of potential conflict, should be given the same opportunities for readjustment training upon return to civilian life as those enjoyed by veterans who went before.

Representation of Federal Workers

Many thousands of craftsmen employed by various agencies, departments and installations of the federal government are members of their respective international unions affiliated with the Metal Trades Department.

In Navy installations and in the Navy yards there are large concentrations of skilled workers who hold membership in affiliated local unions of the department and are represented through

it and its Navy Yard Metal Trades Councils.

These councils and the department play a vital role in the establishment of wage rates applicable to Navy yard workers and also in advising and consulting with the Navy on the policies which it adopts to govern its civilian ungraded employes.

During the last two year period, operating through the Navy Wage Board process, the Metal Trades Department, its councils and affiliated unions continued to obtain substantial wage increases for the ungraded workers in naval establishments. These increases averaged approximately 21 cents per hour over this period for the craftsmen in the principal installations.

Through this process the workers in these installations have been assured that their wage rate increases would be in keeping with those received by their counterparts employed in private

industry in their respective areas.

The secretary-treasurer of the department, together with the president of District 44 of the International Association of Machinists and four alternates from other of our affiliated organizations serve on the Navy Wage Committee which passes upon wage surveys and increases proposed to apply to various installations.

Any detrimental changes in survey methods are vigorously opposed by the department and its representatives, who continue to propose changes which would have a beneficial effect on the wage increases to be granted Navy workers.

The Metal Trades Department has constantly worked with the AFL-CIO and its affiliated organizations representing federal

workers in promoting and supporting legislation beneficial to government employes. Such legislation has been in all of the various areas of benefit, in addition to legislative efforts to establish for government workers their rights to full fledged union recognition and comprehensive collective bargaining.

The department has received the full cooperation and support of the AFL-CIO Department of Legislation and has worked closely with its National Legislative Committee on matters of

common legislative interest.

The department and its affiliated organizations have played a key role in the present consideration by the presidential task force of the drafting of a comprehensive executive order to effectively implement the right of federal workers not only to join unions but to obtain exclusive bargaining rights for their unions, genuine collective bargaining and an effective tribunal for the final resolution of grievances and deadlocked bargaining issues.

On behalf of all of its affiliated unions and its councils composed of federal employes, the department has participated extensively in the hearings held by this task force in September 1961 in Washington, New York, Denver, Dallas, Chicago, San Francisco and Atlanta.

The material and information supplied to the task force should be of substantial aid in the formulation of their recommenda-

tions to the President on this subject.

The information supplied included that relative to the examples of genuine collective bargaining which we have experienced in certain federal operations and government corporations contrasted to the situation still prevailing for most government workers.

The great value of our metal trades councils in serving as a single collective bargaining vehicle through which the affiliated unions with members employed in a particular installation or activity could effectively work in concert in achieving uniform bargaining and avoiding a multiplicity of agreements was emphasized. Practically all present examples of effective government bargaining by craft groups embrace this council principle.

If an effective executive order does not result from the present study then the department shall continue to dedicate itself to obtain the implementation of these rights for government

workers through the legislative processes.

Relations with the Building Trades Department

The Metal Trades Department and the Building and Construction Trades Department have continued to work together in harmony and cooperation on their various mutual problems encountered during the past two year period.

Many international unions are affiliated with both departments and their members often transfer the use of their craft skills from the construction of an industrial plant to the maintenance of the same plant when it is in operation. This gives to the two departments a common interest in the problems of such workers.

There have been very few instances within the past two years where jurisdictional questions among the workers within industrial plants who belong to the unions affiliated with the Metal Trades Department have required our attention. As in the past, such problems generally have been adjusted between the affil-

iated unions and without any stoppages of work.

The department continues to provide valuable assistance to its local metal trades councils in connection with their agreement negotiations and in reaching solutions to their various related collective bargaining problems. All of the collective bargaining agreements of our chartered councils have reflected substantial further gains in wage rates and improvements in general working conditions and fringe benefits during the past two years.

To our knowledge, in every instance, such gains have been

obtained without any stoppage of work.

The continued successful experience of the department's affiliates in coordinating their organizational activities and their collective bargaining negotiations in industrial establishments through local metal trades councils gives testimony to the soundness of this principle through which workers can preserve their craft identity and at the same time promote their bargaining strength through unified collective bargaining in concert with

This principle we view as basic to the continued growth and effectiveness of the trade union movement, based on its demon-

strated success over more than a half century of use.

Maritime Trades Department

Department Activities

Death of Harry E. O'Reilly

The late executive secretary-treasurer of the Maritime Trades Department, AFL-CIO, Harry E. O'Reilly, died October 2, 1960 just three days after his 61st birthday. Brother O'Reilly had given 40 of his 61 years wholeheartedly and effectively to the

labor movement he loved.

He began his active career in the labor movement in Chicago during the rough Twenties as a member of the Brotherhood of Railway Clerks and in the mid-Twenties joined the Chicago Milk Drivers Union and soon became an active volunteer organizer. Later he was named general organizer and assistant to the president of the Chicago Federation of Labor.

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As the years passed, he became Director of Organization for the AFL and then on to executive secretary-treasurer of the department. In his many years he made a record of one of the labor movement's truly great organizers.

As executive secretary-treasurer of the department he helped to build the organization to an all-time peak in strength and prestige. When he assumed the MTD post, less than 10 international unions were affiliated; at the time of his passing the department had 30 affiliates.

O'Reilly showed the same enthusiasm as executive secretarytreasurer of the department as he had shown in his organizing days in Chicago, in the Midwest and as national AFL Director

of Organization.

He had been re-elected to the executive secretary-treasurer position at each convention of the department.

The labor movement indeed lost a true friend.

Election of Peter M. McGavin

On November 3, 1960 in Washington, D. C., the 30-man Executive Board of the Maritime Trades Department, AFL-CIO, unanimously elected Peter M. McGavin as executive secretary-treasurer of the department to fill the vacancy created by the death of Harry E. O'Reilly. Before his nomination to this post, McGavin served as assistant to AFL-CIO President George Meany, where he held one of the labor movement's "hottest" jobs, serving as trouble shooter.

McGavin assumed his new position January 1, 1961.

Pension Plan

Since the last convention of the Maritime Trades Department, AFL-CIO, and the convention of the AFL-CIO, a non-contributory pension plan has been put into effect covering the executive secretary-treasurer and all employes of the department, the same plan as that established by the AFL-CIO.

The Maritime Register

The bi-monthly publication of the Maritime Trades Department, The Maritime Register, has been revised, and we will continue improving this periodical until it is one of the best trades papers there is in the AFL-CIO. The distribution of The Maritime Register has increased from 3,500 copies to 6,500 copies.

Certificates of Affiliation

The Maritime Trades Department, AFL-CIO, has issued to all national and international unions affiliated to the MTD a Certificate of Affiliation.

Death of ILA Official

Patrick J. Connolly, executive vice president of the International Longshoremen's Association, an affiliate of the Maritime Trades Department, AFL-CIO, died at the age of 59 of a heart attack in Washington, D. C., in September 1961.

Connolly established the union's first office in Washington and was most effective and active in promoting federal legislation for the benefit of longshoremen.

International Affiliates

The Maritime Trades Department, AFL-CIO, at the present time has 29 national and international unions of the AFL-CIO, affiliated to the department. They are as follows: International Brotherhood of Electrical Workers

International Brotherhood of Boiler Makers, Iron Ship Builders,

Blacksmiths, Forgers and Helpers National Marine Engineers Beneficial Association American Federation of Technical Engineers International Union of Operating Engineers

International Brotherhood of Firemen and Oilers
American Federation of Grain Millers

International Longshoremen's Association

International Organization of Masters, Mates and Pilots

Seafarers International Union of North America

American Federation of State, County and Municipal Employees The Commercial Telegraphers' Union

United Brotherhood of Carpenters and Joiners of America International Hod Carriers, Building and Common Laboratory

International Hod Carriers, Building and Common Laborers Union of America

United Cement, Lime and Gypsum Workers International Union United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the U.S. and Canada Distillery, Rectifying and Wine Workers International Union

International Association of Fire Fighters

International Leather Goods, Plastics and Novelty Workers Union

Office Employes International Union

AFL-CIO Laundry and Dry Cleaning International Union International Association of Bridge and Structural Iron Workers

Upholsterers' International Union of North America Sheet Metal Workers' International Association

Amalgamated Meat Cutters and Butcher Workmen of North

Brotherhood of Painters, Decorators and Paperhangers of Amer-

Oil, Chemical and Atomic Workers International Union

Retail Clerks International Association International Association of Machinists, our latest affiliate.

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Disaffiliations

On April 21, 1961, the National Maritime Union of America notified the Maritime Trades Department, AFL-CIO, in a letter to its executive secretary-treasurer, that said union was disaffiliating from the Maritime Trades Department, AFL-CIO.

The NMU simply stated that "... the National Maritime Union of America, AFL-CIO, hereby serves notice that it is disaffiliating from the Maritime Trades Department, and you are instructed to cease and desist from using its name in any manner from this day forward..." No reasons were advanced at that time nor have any been advanced since explaining its action.

Under date of August 1, 1961, the American Radio Association advised the executive secretary-treasurer of the department, that "Due to the collapse of the merger agreement between the AFL-CIO Maritime Committee and the Maritime Trades Department, we have decided to retain our affiliation with the AFL-CIO Maritime Committee".

On September 19, 1961, the United Steelworkers of America Local 5000, advised President Hall of the following: "In view of the continued harassment by the SIU of Great Lakes seamen's locals affiliation with the United Steelworkers of America and in view of the SIU's policy on legislative matters which is detrimental to the welfare of the Great Lakes seamen, the Executive Board of Local 5000, United Steelworkers of America, AFL-CIO, has voted to disaffiliate from the Maritime Trades Department. This disaffiliation is retroactive to July 1, 1961".

Seafarers' Section

In September 1959, the Seafarers' Section of the Maritime Trades Department, AFL-CIO, was formed after the merger of the Maritime Trades Department, AFL-CIO, and the AFL-CIO Maritime Committee, which took place at a special convention held September 23, 1959 in San Francisco, California.

Paul Hall, president of the Maritime Trades Department, AFL-CIO, and Seafarers International Union of North America and Joseph Curran, chairman of the AFL-CIO Maritime Committee and president of the National Maritime Union of America were named co-chairmen of the Seafarers' Section with a director being appointed to coordinate the activities of the section.

With the withdrawal of the NMU from the Maritime Trades Department, the membership of the National Maritime Union in the Seafarers' Section was automatically cancelled and the eligibility of Curran to serve as co-chairman of the Seafarers' Section was automatically terminated. The Seafarers' Section now being defunct, Curran then tried to reactivate the so-called AFL-CIO Maritime Committee. The funds of the Seafarers'

Section have been recently disbursed to the international unions who were involved in this section.

The officials of the Maritime Trades Department, AFL-CIO, wrote to AFL-CIO President George Meany requesting that the status of the so-called AFL-CIO Maritime Committee be cleared up. In reply to the letter AFL-CIO President George Meany stated as follows: "In reply to the question you asked as to whether this group is an official constitutional committee of the AFL-CIO, the answer is it is not an official constitutional committee."

Port Maritime Councils

At the present time there are 32 active and effective port maritime councils affiliated with the Maritime Trades Department AFI CIO beings

ment, AFL-CIO, being:

Boston PMC—PMC of Greater New York—Delaware Valley and Vicinity—Baltimore PMC—The Hampton Roads PMC (Norfolk)—Jacksonville PMC—PMC of Southeast Florida—Mobile PMC—PMC of Greater New Orleans and Vicinity—West Gulf Ports Council—St. Louis, E. St. Louis PMC—Alpena, Bay City and Northern Michigan Port Council—Cleveland PMC—Detroit and Wayne County PMC—PMC of Duluth, Minnesota, Superior and Ashland, Wisconsin and Vicinity—Buffalo PMC—Toledo PMC—Greater Chicago and Vicinity Port Council—Milwaukee PMC—PMC of Southern California—San Francisco Bay Area and Vicinity PMC—Portland and Vicinity PMC—Seattle, Puget Sound PMC—Honolulu PMC and Puerto Rico PMC. The Canadian Port Maritime Councils are as follows: Vancouver PMC, Fort William PMC, Toronto and Georgian Bay PMC, St. Catherine and Southern Ontario PMC, Montreal PMC, Quebec City PMC and Halifax PMC.

The port maritime councils of the MTD have done an excellent job in promoting the best interests of the workers in the mari-

time field.

In accordance with the directive of the 1959 MTD Convention delegates, port maritime conferences have been established. These port maritime conferences are not chartered constitutional bodies of the MTD but are voluntary organizations set up for the mutual benefit of the participants. Representatives of each port maritime council meet for these conferences at least once a year to plan coordinated action in organization and legislative matters and all problems of mutual interest. The areas included in the conferences are the following:

Atlantic Coast Conference—Puerto Rico, Boston, New York, Delaware, Baltimore, Hampton Roads. Conference tentatively

set for April 1962.

Gulf Coast Conference—Jacksonville, S.E. Florida, Mobile, New Orleans, West Gulf Ports (Texas). Conference tentatively set for May, 1962.

Great Lakes Conference—St. Louis, E. St. Louis, Alpena, Bay City and No. Michigan, Cleveland, Detroit & Wayne County, Duluth, Buffalo, Toledo, Chicago, Milwaukee. Conference tentatively set for March, 1962.

Pacific Coast Conference—So. Calif., San Francisco, Portland, Seattle, Honolulu. Conference tentatively set for June, 1962.

Canadian Conference-Vancouver, Ft. William, Toronto & Georgian Bay, St. Catherine & So. Ontario, Montreal, Quebec City, Halifax. Conference tentatively set for July, 1962.

The department has notified each port maritime council that after thorough investigation the MTD and its port council affiliates must file under the provisions of the Labor-Management Reporting and Disclosure Act of 1959.

At the present time we are awaiting additional information from the Department of Labor before finalizing this matter.

East and West Coast Maritime Strikes, 1961

As a result of the recent maritime contract dispute on the East Coast, substantial gains have been scored by MTD affiliates in preserving and promoting the job security of American merchant seamen and, consequently, the job security of other waterfront workers whose livelihoods depend upon the maritime industry.

These gains were made by MTD affiliates acting through the National Committee for Maritime Bargaining, which had its origin last December when the Marine Engineers Beneficial Association invited other maritime and waterfront unions to participate in discussions relative to the creation of a national

collective bargaining program.

Subsequently, meetings of interested unions were held and the National Committee for Maritime Bargaining was created to establish a national collective bargaining policy to promote job security for maritime and waterfront workers, and to discuss

the possibility of uniform contract expiration dates.

The member unions of the National Committee were the Marine Engineers Beneficial Association; Masters, Mates and Pilots; Seafarers International Union—Atlantic, Gulf, Lakes and Inland Waters District; Sailors Union of the Pacific; Marine Cooks and Stewards; Marine Firemen's Union; Radio Officers Union; Staff Officers Association; International Longshoremen's Association, and Local 25, International Union of Operating Engineers. These unions represent over 150,000 waterfront workers and hold contracts with 90 percent of the Americanflag shipping industry operating some 875 ships on the East, Gulf and West Coasts.

On June 6, 1961, the NCMB called a meeting in New York City to initiate negotiations between the ship operators and those NCMB unions whose contracts expired June 15. The other waterfront unions whose contracts did not expire on June 15

participated in these initial discussions as observers.

At this time, a graphic picture of an American merchant marine steadily declining under the onslaught of the runaway-flag ships was presented by NCMB chairman Jesse M. Calhoun, of the MEBA.

On this occasion, the NCMB presented to the shipowners a four-point program for promoting the development of the American merchant marine and thus to promote the job security of

American seamen and waterfront workers.

This four-point program, explained in detail in the NCMB "Position and Program", included proposals for dealing with the runaway-flag issue and for establishing a joint committee of labor and management to deal with other matters such as subsidies, the Military Sea Transportation Service and the "50-50" law.

This presentation was warmly received by a number of shipowners who immediately indicated their willingness to negotiate on the basis of the program advanced. As a result, 65 companies, with 260 vessels, were signed to new contracts by the

time the old agreements expired on the 15th of June.

These contracts gave the unions the right to organize some 200 American-controlled, foreign-flag ships and also provided for the creation of the joint labor-management committee.

Companies bargaining through the American Merchant Marine Institute, however, refused even to consider the runaway-flag issue and, in fact, put out feelers intimating that a "package" offer would be available if the unions dropped their demands on the runaway issue as the demand for the creation of the joint committee. These feelers were rejected and, at the expiration of the contracts, these companies were struck.

Meanwhile, Secretary of Labor Goldberg had proposed a "45-day cooling-off period" with a fact-finding board to make recommendations. This proposal was rejected by the unions as

undermining collective bargaining.

In the days which followed, firm action by the NCMB unions brought a number of companies under contract. Further, on July 3, a temporary restraining order was granted under the Taft-Hartley Act and the ships resumed sailing.

Then, on July 6, the solid AMMI front was cracked when the MEBA signed States Marine, one of the country's largest unsubsidized operators. The temporary restraining order was extended

into a full 80-day injunction on July 10, however.

Further, by the time the injunction expired on September 21, the NCMB unions had reached agreement with all of the holdout companies. Just a few hours before the expiration of the court order, the SIU reached agreement also with Alcoa Steamship, one of the companies that had originally been conducting its bargaining through the AMMI.

On the West Coast, the Masters, Mates and Pilots was forced to engage in a 14-day strike against the Pacific Maritime Association before securing a satisfactory collective bargaining agreement for the next three years. Major gain in the new pact was a new hiring clause.

Maritime Safety Foundation

For many years the maritime industry has sought a positive and effective approach to the problem of marine safety. But, staggering insurance costs for port operations and the high accident rate still continue to pose a major problem to the industry.

Some may not realize the vastness of this safety problem. According to the latest figures of the U.S. Bureau of Labor Statistics, Longshoring is still the most hazardous of all industries in the United States. It is very distressing to note that its accident frequency rate exceeds all industries, while other industries commonly recognized as extremely hazardous, such as the logging and coal mining industries, have far lower accident frequency rates.

This astonishing accident rate was dramatically pointed out by Rep. Herbert Zelenko (D-N.Y.) when he stated, "every other day a worker loses his life on our waterfront." This condition continues to plague the maritime industry despite untold money

and effort to promote joint safety consciousness.

The extent of this untold cost becomes very evident when one realizes that the direct cost to employers is a staggering \$30 million annually, plus a \$14 million direct cost to the injured in lost wages. Then, if we add on the many other related costs such as lost production, vessel delays, repairs, investigations, and legal costs, etc., it would be safe to state that the total costs of longshoring injuries is at least a \$50 million burden to the industry each year.

Much still remains to be accomplished in the field of maritime safety. There is a definite need for a joint organization, supported by the government, labor unions, and the shipping industry, which can stimulate genuine safety cooperation within the maritime industry. Only then can the present human suffering

and enormous costs be reduced.

To achieve this program, the Maritime Safety Foundation has been created as a non-profit corporation designed to improve and establish safety within the maritime industry, both at sea and ashore, and provide a workable standard of maritime safety through its sponsors.

Conceived as a vehicle for safety it is hoped that the foundation will be governed by a tripartite forum representing the U.S. government, maritime organizations and management.

The foundation will promote and initiate safety programs and training for personnel, provide an efficient nucleus to stimulate genuine cooperation, and incorporate specific standards and specifications to effectively furnish the shipping industry with a realistic approach to the problems of maritime safety.

Labor Legislation

With respect to legislation and the actions of the executive branch of the government, the MTD has acted in behalf of its affiliated internationals, and has coordinated their activities. In cooperation with the AFL-CIO Department of Legislation the MTD has vigorously supported the announced policies of the federation. Among measures supported by the department have been area redevelopment, the minimum wage bill, federal aid to education, and medical care to the aged.

Although many public welfare measures were passed by this Congress, some were not acted upon, such as the medical care bill, and will be carried over to the second session of the 87th Congress. The Maritime Trades Department, AFL-CIO, will continue to support legislation designed to promote the general

welfare and best interests of working people.

Maritime Legislation

Congressional criticism of the steamship industry and the old Federal Maritime Board and Maritime Administration brought a wholesale reorganization of the agencies into a new, separate, five-man Federal Maritime Commission and the Maritime Administration under the Secretary of Commerce. The regulating functions of the old FMB are now concentrated in the new Federal Maritime Commission; while the promotional duties have been assigned to the Maritime Administrator, under

the jurisdiction of the secretary.

This session of Congress passed the Fair Labor Standards Act amendments, which increased the minimum wage. Seamen on American-flag vessels have been brought under the minimum wage for the first time, but continue to be excluded from the maximum hours provisions. The newly covered seamen will now receive \$1.00 an hour for the first three years, \$1.15 for the fourth year, and \$1.25 for the fifth year . Also covered by this legislation are inland water carrier crews; but like offshore seamen, they were not subjected to maximum hours overtime provisions. Increases in the maximum level of weekly compensation benefits payable to longshoremen and harbor workers were also made possible by the passage of amendments to the Longshoremen and Harbor Workers' Compensation Act.

At the present time all eyes are on the Commerce Department which is in the process of making a report and submitting recommendations to the President on the nation's transportation policy. MTD has submitted its views to the Secretary of Commerce and is hopeful that its recommendations will be favorably

considered by the secretary. The department's recommendations have been submitted in the hope that they will be instrumental in the formulation of a transportation policy aimed at alleviating many acute problems now facing the maritime

industry.

Maritime legislation passed in the first session of the 87th Congress included the dual rate bill to legalize dual-rate practices of steamship conferences which was just signed by the President. Permission to subsidize United States passenger vessels to cruise off their assigned routes, during the off-season, also received congressional approval, as well as legislation clarifying the construction subsidy provisions with respect to reconstruction, reconditioning and conversion.

MTD continues to support the subsidy program, and is working with other segments of the industry to bring about its extension to new American companies. It is hoped that the program will be extended to the Great Lakes, to the American-flag tanker industry, and to tramp bulk carriers. American ships now carry only 9.7 percent of our foreign commerce. Without assistance from the federal government, the American merchant marine can only look forward to a further decline in its competitive position and its eventual elimination as a major maritime power.

Hodges Report

Recommendations of the Maritime Trades Department, AFL-CIO and its affiliates to the Secretary of Commerce with Respect to Legislative and Other Actions Required to Preserve the

American Maritime Industry:

The decline of the American maritime industry since World War II constitutes a national disaster. At the end of the War the merchant marine of the United States, and our capacity to build ships of all types, were greater than those of the rest of the world combined. Today, among Western powers, we rank fourth as a maritime power, after Great Britain, Norway, and Liberia. As a shipbuilding power, we rank ninth or tenth. Today, we are carrying only a tiny fraction of the imported commodities which are essential to our prosperity and national defense, less than about 10 percent of our foreign commerce, only about 20 percent of our out-bound foreign-aid cargo, and our shipbuilding capacity has dwindled in proportion. Four-fifths of the qualified and documented American seamen are unemployed in the industry, and a great majority of the arts and crafts essential to shipbuilding have been obliged to seek employment elsewhere. In view of its vital importance to our national prosperity and defense, the deterioration of our maritime industry probably represents the greater inadequacy in our leadership of the free world.

Our recommendations to meet and overcome this disaster will be presented on the basis of the various segments of the maritime industry.

Operating-Differential and Construction Subsidies

The operating and construction subsidies were established by the Merchant Marine Act of 1936. That Act was based upon the assumptions that tramp shipping was dying, and that the ocean commerce of the world would be carried by liner companies. These assumptions proved to be inaccurate so far as the United States is concerned. The subsidies benefit only liner companies operating on essential trade routes designated by the Maritime Administration. However, since World War II. the United States has become an importing country, rather than an exporting country, and today more than 80 percent of our for-eign commerce is carried on tramp ships. The largest volume of our exports now consists of grains and other cargoes shipped under the foreign-aid program. Most of our imports consist of bulk cargoes, such as oil, ores, and sugar. The United States has almost completely failed to develop a bulk fleet, with the result that almost all of these strategic materials are imported on foreign-flag ships. Thus, while the subsidies benefit the American-flag liner fleet, they provide no benefit whatever for our coastwise and intercoastal shipping, our tramp fleet, the American-flag tanker fleet, and other American-flag bulk carriers. Much less than half of our merchant marine, both in number of ships and in deadweight tonnage, is subsidized. Therefore, the department recommends:

Recommendations:

That the entire subsidy program be reviewed and revised, so that construction subsidies shall be made available to all segments of our merchant marine; and that operating subsidies be made available to all segments of our merchant marine which are in competition with foreign shipping.

Domestic Shipping

Prior to World War II, in number of ships, tonnage, and men employed, the largest segment of our merchant marine was engaged in coastwise and intercoastal shipping. Primarily, it was domestic shipping which built our great port cities and provided transportation and communication between all parts of our country. At the beginning of World War II about 70 percent of our merchant marine was engaged in domestic shipping; as of today, practically all of that shipping has disappeared. The last coastwise common carrier on the Pacific coast became insolvent and died about two years ago. On the Atlantic and Gulf coasts, where formerly scores of companies operated profitably, today only two companies operating nine ships are left, and they are operating at a current loss. These results have

ensued notwithstanding the fact that of all American shipping companies, the most efficient, the ones which have made the greatest efforts to mechanize and automate their operations, are the domestic shipping companies. The wage costs of these two remaining coastwise common carriers on the Atlantic and Gulf coasts, amount to only about 20 percent of their total operating cost, which we think is unparalleled in American industry. Many studies have been made of domestic shipping, all of which point up and prove that the evils which have destroyed this segment of the industry are: (1) Official neglect, since no agency of the Government has undertaken or recommended any program to revive domestic shipping; (2) Selective rate-cutting by the railroads. To correct this disastrous situation, MTD makes the following recommendations:

Recommendations:

1. The new Maritime Administration created under Reorganization Plan No. 7 should have within it an office to which is assigned as a primary responsibility the development and implementation of plans to resuscitate the domestic deep-water fleet.

2. The Interstate Commerce Commission ought to develop a consistent policy, within present law, which will insure: (a) preservation of the inherent advantages of the coastwise carrier, and (b) enforcement of the coordination between rail and coastal water carriers required by the statutes.

3. The Merchant Marine Act should be amended to provide construction subsidy for coastwise and intercoastal vessels.

4. (a) The bulk commodity exemptions in Section 303(b) of the Interstate Commerce Act ought to be repealed. (b) Ownership of common carriers by shippers, and vice versa, ought to be prohibited.

5. Amend Section 805a of the Merchant Marine Act to prohibit carriage of coastwise and intercoastal traffic by subsidized lines when the same routes are served by unsubsidized lines.

6. Amend the customs laws to extend permission for bonded

bunkers to the coastwise trades.

7. We recommend that prompt effective measures be taken to preserve and revive the intercoastal and coastwise merchant marine and to aid inland water shipping. These measures include the grant of construction and operating subsidies and the elimination, through Interstate Commerce Commission action and legislative implementation, of the selective rate discrimination practiced by the railroads against intercoastal, coastwise, and inland water shipping.

American-Flag Tanker and Tramp Fleets

As noted above, most of our foreign commerce is carried on foreign-flag tankers and tramps. This includes practically all of our imported petroleum, iron ore, bauxite, other imported ores, sugar, and other strategic commodities. Only a very small and decreasing fraction of these strategic commodities are carried on American-flag vessels. In spite of the law, far less than 50 percent of our exported foreign-aid cargoes are carried on American-flag vessels. American-flag tankers and tramps are excluded from carrying imports by the unfair competition of runaway-flag ships owned by Americans. Their percentage of the foreign aid cargoes is minimized by regulations of the Department of Agriculture. Their capacity to get business is also greatly limited by the operations of MSTS. The MTD therefore makes the following recommendations:

Recommendations:

1. Administrative actions.

(a) It is the commercial practice to prepay ocean freight on surrender of the bill of lading at the loading port. This practice is applied by the Department of Agriculture to liner vessels carrying foreign aid cargo. However, it is not applied to most tramp and tanker owners, who are only paid after arrival of the vessels at discharge ports. The department should amend its regulations so as to eliminate this discrimination which creates a very great hardship for shipping companies most in need.

(b) The Department of Agriculture and ICA ought to establish uniform charter parties and policies to insure that foreign nations will not utilize funds allocated for transportation on U. S. vessels by obtaining excessive dispatch and carrying charges, and other practices not common in normal commercial

transactions.

(c) The MSTS ought to revise its chartering policies so that it will invite bids on all cargoes for specific voyages whether on a time or a voyage basis. Bids ought to be sealed and the business awarded to the lowest responsible bidder.

(d) Military dry cargo and tanker vessels ought to be used only when privately-owned tankers and dry cargo vessels are not available at reasonable rates for either time or voyage

charter.

2. Executive action.

The President of the United States established the present oil import quotas in Presidential Proclamation No. 3279 of March 10, 1959. This proclamation ought to be amended by adding the

following requirement:

Any person importing petroleum in excess of 1,000 barrels a day whether crude, unfinished oils, finished petroleum products or residual fuels, or ores, into the United States must transport at least 50 percent of such importations in vessels registered under the laws of the United States, which vessels are owned at least 75 percent by citizens of the United States, within the meaning of Section 2 of the Shipping Act, 1916, as amended, 46 U.S.C. 802, and have coastwise privileges in accordance with the provisions of Section 27 of the Merchant Marine Act of 1920, as amended, 46 U.S.C. 883.

3. Legislative action.

As an alternative to the foregoing recommended executive action, Congress ought to extend the cargo preference laws so as to provide that a stated percentage of imported strategic commodities must be shipped on American-flag vessels.

Runaway-Flag Ships

The cancer which is destroying the American shipping industry is the runaway-flag device, under which great American corporations transfer their fleets to foreign flags, such as that of Liberia, (thereby escaping American taxation and the obligation to obey American labor and other laws), and then compete with the dwindling American-flag fleets in our foreign commerce. If this process is permitted to continue, with the exception of subsidized lines, within the foreseeable future there will be no American-flag participation in our foreign commerce. The MTD therefore recommends:

Recommendations:

1. That Congress enact into law the recommendation made by the President in his tax message of April 20, 1961, and by the Secretary of the Treasury in his statement of May 3, 1961, before the House Committee on Ways and Means, that the tax haven device, as exemplified by the runaway-flag program, be eliminated.

As an alternative, Congress ought to enact legislation such as outlined in the above section—American Flag Tanker and

Tramp Fleets-Recommendation No. 3.

Great Lakes

Practically all of our shipping on the Great Lakes is overage. Many vessels are more than 50 years old. Because of the competition of other forms of transportation, and foreign shipping, there is little incentive for American capital to invest in new ships. If we are to preserve a Great Lakes fleet, which is indispensable to the prosperity of the area and to our national defense, Government assistance in a long-term program is essential. MTD therefore recommends:

Recommendations:

1. That the construction subsidy be extended to Great Lakes

shipping.

2. That the Maritime Administration and other government agencies, cooperate with maritime management and labor in the development of a program to increase ship-borne cargo in and to and from the Great Lakes area.

Research and Development

The obsolescence of our merchant marine, and of cargo handling gear and methods place the American maritime industry

at a disadvantage with foreign competition. The MTD therefore recommends:

Recommendations:

 That government agencies expand their programs for the development of quicker, more efficient, and less costly ships, gear and methods.

2. Consideration should be given to the advisability of granting tax exemption to a percentage of income of companies in all segments of the industry, providing such percentage is used

in research and development.

3. The Maritime Administration ought to exercise its authority to police the cargo preference laws, and to plan and carry out programs to promote the best interests of the American merchant marine.

Shipbuilding

As pointed out above, the decline of American shipping has inevitably resulted in a decline of American shipbuilding and repairs. Highly skilled craftsmen and professional people have been driven out of the shipbuilding industry into other industries. In 1957, in 91 ship repair yards, 37,600 skilled workers were employed; in 1960 there were only 20,200 in 77 yards. It is incredible that we should allow this decay of our shipbuilding industry, when 79 percent of our trade cargo and 54 percent of tankers are more than 15 years old. These ships are obsolete and ought to be replaced. It is impossible to have a strong American flag merchant marine without also having a strong, skilled and experienced shipbuilding industry. The MTD therefore recommends:

Recommendations:

That laws be enacted which will require that all American owned ships engaged in the domestic or foreign trades must be constructed, repaired or renovated in American shipyards.

AFL-CIO Maritime Committee

During the last convention of the AFL-CIO, it was announced that the AFL-CIO Maritime Committee and the Maritime Trades Department, AFL-CIO, had agreed to merge into a single organization, the AFL-CIO Maritime Trades Department. We now must report that the merger agreement was not consummated.

On May 16, 1961, the National Maritime Union, the American Radio Association and the United Steelworkers of America, Local 5000, unanimously agreed to reactivate the AFL-CIO Maritime Committee of which they were members prior to the ill-fated merger agreement of that organization with the AFL-CIO Maritime Trades Department.

As the events following the making of the merger agreement amply demonstrate, the devision to reactivate the committee, which for many years had well served the requirements of the affiliated unions, was necessary and proper. There was no other alternative. The following resolution was adopted on May 16, by the NMU, ARA & USW, Local 5000, in reactivating the AFL-CIO Maritime Committee.

"Whereas, the AFL-CIO Maritime Committee and the AFL-CIO Maritime Trades Department, on September 23, 1959, entered into a merger agreement under which the parties agreed to establish a Seafarer's Section for the mutual advantage of

their respective affiliates; and

"Whereas, the sole and primary consideration for said merger agreement was the establishment of a Seafarers' Section as

aforesaid; and

"Whereas, the Seafarers' Section contemplated by the merger agreement was not established in accordance with the contemplation of the parties who effected the aforesaid merger agreement and has therefore never existed and does not now exist; and

"Whereas, National Maritime Union of America, American Radio Association, and United Steelworkers of America, Local 5000, all affiliated with the AFL-CIO, represent seamen employed

in the maritime industry of the United States; and

"Whereas, the aforesaid unions in the interests of their respective members deem it necessary to have appropriate representation in the District of Columbia in order that they may be alerted to proposed or pending legislation affecting the interests of merchant seamen; and to have such representation actively support or oppose such legislation as the interests of such seamen may warrant; and to engage in such other activities directly or indirectly related to the statutory rights and obligations of merchant seamen,

"Now, Therefore, be it Resolved as follows:

"1. That the consideration for the merger agreement between the AFL-CIO Maritime Committee and the AFL-CIO Maritime Trades Department having failed, said agreement dated September 23, 1959, is disavowed and of no force and effect, and that the AFL-CIO Maritime Committee was accordingly never dissolved.

"2. That the AFL-CIO Maritime Committee as constituted prior to September 23, 1959, be and the same hereby is in all

respects reactivated.

"3. That Joseph Curran, Chairman of the AFL-CIO Maritime Committee prior to the making of the aborted merger agreement on September 23, 1959, be and he hereby is authorized to resume

his duties in said office.

"4. That Hoyt S. Haddock, Executive Secretary of the AFL-CIO Maritime Committee prior to the making of the aborted merger agreement on September 23, 1959, be and he hereby is authorized to resume his duties in said office.

"5. That said Hoyt S. Haddock is authorized to utilize the office space at 132 Third Street, S. E., Washington, D. C., previously occupied by the AFL-CIO Maritime Committee; and that he be further authorized to engage such office and clerical assistance as he may deem necessary."

The First Constitutional Convention of the Congress of Industrial Organizations passed a resolution establishing the CIO Maritime Committee. This was in 1938. The resolution stated that it was essential to establish the committee in order to afford

full protection to maritime labor.

Immediately after the First Constitutional Convention of the American Federation of Labor and Congress of Industrial Organizations, the AFL-CIO Executive Council approved the changing of the committee's name to the AFL-CIO Maritime Committee.

The chairman of the committee is Joseph Curran. Hoyt S.

Haddock is the executive secretary.

The committee is now, and has been since its establishment in 1938, primarily concerned with protecting and furthering the welfare of the merchant seamen in the foreign and domestic commerce by legislative and administrative action in the nation's capital. We work on the premise that what is good for America is good for all Americans including maritime labor and further, that what is good for the American merchant marine is good for maritime labor.

The following in outline form covers the sphere of operations of the committee. The committee in performing its duties maintains liaison with labor, shipowners, trade associations and civic

organizations:

I. Legislative

(A) Senate Interstate and Foreign Commerce Committee and House Merchant Marine and Fisheries Committee. (Principal problems are before these two committees.)

1. Codification and revision of Maritime Laws.

a. Coastal-Intercoastal shipping.

b. Bulk, ore, oil and general carriers.
 c. Modernization of archaic maritime laws.

d. Runaway ships.

2. Rate Stabilization (Duel Rates and Conferences).

(B) Senate and House Labor committees.

Minimum Wages.
 Labor Legislation.

(C) Senate and House Appropriations committees.

1. U. S. Public Health Service.

2. Maritime construction and operation.

3. Coast Guard safety.

II. Administrative

(A) Maritime Administration.

(B) Coast Guard.

(C) U. S. Public Health Service.

Deportment of the Treasury-Customs. (D) (E)

Department of Justice—Immigration.
Department of Health, Education and Welfare. (F)

Department of Labor. (G) Department of Defense. (H)

Department of State. (I)

(J) Federal Communications Commission—Safety.

(K) Bureau of the Budget—All Programs.

Department of Agriculture-Foreign Commerce. (L) III. International

(A) International Conferences.

1. Safety of Life at Sea Convention 1960, London (May).

2. Radio Conference 1959, Geneva (August).

3. International Labor Organization Conferences.

World Health Organization.

June Conference between the State Department (Shipping Coordinating Committee) and European Maritime Nations discussing runaway ships, cargo pereference and subsidies.

International Transportworkers Federation meetings and International Liaison with shipping.

Basic intelligence on foreign wages and working (C) conditions.

IV. United Seamen's Service

The following itemized subjects are the highlights in summary form of the activities of the committee since the last AFL-CIO Convention:

American-flag Merchant Marine

On May 1, 1959, our active oceangoing merchant marine of 1.000 gross tons and over consisted of 950 vessels manned by 50,752 seamen. Of the 950 vessels, there were 922 privately owned and 28 government owned. In addition to the active vessels, there were 90 privately owned inactive.

As of September 1, 1961, there were 927 active oceangoing vessels of 1,000 gross tons and over manned by 48,716 seamen. Of this 927, there were 36 government owned and 891 privately owned. In addition to the 927 active vessels, there were 93

privately owned inactive vessels.

The leading maritime nations continue to increase their fleets

while our fleet decreases.

The Maritime Status Report of May 1, 1959, prepared by the Joint MarAd-Navy Planning Group, describes our merchant fleet as follows:

"(1) The United States is deficient in capability to meet national wartime requirements for merchant-type ocean shipping. "(2) Current deficiencies are both quantitive and qualitative, and applicable, in different degrees, to all three major categories of ships—passenger transport, dry cargo ships, and tankers."

Our merchant marine is carrying a smaller percentage of our waterborne foreign trade than for any previous period in modern history. This is contrasted with the fact that our oceanborne

trade constitutes 20 per cent of the world total.

The primary blame for our decreasing merchant marine lies in the agencies responsible for promoting and fostering our merchant marine. The Maritime Administration is directed through the 1936 Merchant Marine Act"... to cooperate with vessel owners in devising means by which ... the importers and exporters of the United States can be induced to give preference to vessels under United States registry ..."

The extent to which this mandate has been disregarded lies in the following monthly averages by year since 1950, or ocean-borne foreign trade in petroleum and its products (in million long tons) and the percent carried in U. S.-flag ships (exclusive of cargo carried in military-controlled vessels and trade with

Canada):

Exports			Imports	
Year	Tons	% U.SFlag	Tons	% U.SFlag
1950	.4	42	3.7	55
1951	.7	24	3.8	50
1952	.7	19	4.2	40
1953	.7	17	4.6	35
1954	.6	14	4.7	31
1955	.7	10	5.4	24
1956	1.0	10	5.9	22
1957	1.5	11	6.3	16
1958	.6	16	7.1	7
1959	.8	11	7.5	4
1960	1.1	16	7.7	6

The following is the same breakdown for dry cargo:

1950	2.3	36	2.5	38
1951	5.8	42	2.8	42
1952	4.9	31	2.8	42
1953	3.3	22	3.2	33
1954	3.6	23	3.2	31
1955	5.8	19	3.5	29
1956	7.7	17	4.0	27
1957	8.8	17	4.6	24
1958	6.5	15	4.5	18
1959	5.8	15	5.3	15
1960	6.5	16	5.3	15

It does not take much imagination to figure out what happens to the American-flag merchant marine when they participate in the carriage of only 10 percent of our waterborne imports and exports—ships are scrapped or not replaced when they become obsolete, some go into lay-up and the remaining ships that are sailing, sail a half or less loaded. All of this adds up to fewer and fewer jobs for merchant seamen. Employment in the maritime industry is at its lowest in modern times. The number employed has declined drastically over the past few years. As recent as June of 1952, there were 76,650 seamen employed as compared to 48,716 employed on September 1, 1961. (Maritime Administration, U. S. Department of Commerce figures of "Seafaring (on) Privately-owned Ships and Maritime Administration-owned Ships Under BBC and GAA.")

The unemployment in the seagoing maritime industry is caused by the foregoing reasons and is further complicated by larger and faster ships without a comparable increase in crew.

In 1925, the earliest year in which comparative figures are available, there were 56,750 seamen employed on 1,282 active oceangoing ships of 6,807,000 gross tons as compared to 49,281 seamen employed on 957 active oceangoing ships of 9,105,000 gross tons on January 1, of this year.

In the short period of three and one-half years, from June of 1957 to January 1, 1961, there was a drop in employment of

11,768.

Since the election of the new Administration, all indications point to the fact that this Administration understands and appreciates the value of a strong and efficient American-flag merchant marine as being vital to our national defense and economy.

Earlier this year the Administration, through the Department of Commerce, began collecting recommendations from the industry on how to solve the many problems. The committee called the Administration's attention to the fact that the percent of participation of American-flag ships in our waterborne foreign commerce has practically disappeared. Our waterborne foreign commerce has increased by more than 225 percent since 1925. At the same time, U. S.-flag ships are carrying 13 percent less of this cargo than they were in 1925.

We recommended that the solution to this problem of no cargo

could be solved as follows:

a. Vigorous pursuit of Section 212 of the 1936 Merchant Marine Act. This Section requires the Secretary of Commerce to assist steamship companies in obtaining preference in cargo movement, and authorizes him to obtain the cooperation of Government department and agencies in building the American Merchant Marine. He should see to it that the Department of Agriculture, Department of State and others follow the nation's merchant marine policy and assist in the implementation of Commerce's programs designed to do this;

b. Discarding all programs designed to encourage the placing of U.S. owned ships engaged in U.S. commerce under foreign flag, including the so-called "effective control" concept;

c. The adoption and implementation of programs to require that oil and ore be imported in U. S.-flag ships without subsidy

or increased cost to the American consuming public;

d. Stop all transfers of U. S.-flag ships to foreign flags unless there are basic and positive findings that such transfers would:

Not harm our national security;

Promote the U. S. foreign commerce; (3) Promote the U. S.-flag merchant marine;

(4) Improve the U.S. foreign policy and the cause of peace

in the world:

(5) Be essential to the economy of the nation to which transfer is to be made:

(6) Not result in the use of such ships in competition with

U. S.-flag ships;

e. Centralize the administration of our cargo preference programs in the Maritime Administration. This would include the designation of the carrier or carriers; and,

f. Change the administration of our subsidy laws so as to allow the subsidized lines to participate in the carriage of more

cargo such as full cargo lots.

"Runaways"

The "runaway flags" have increased at a tremendous rate. On December 31, 1956, the flags of Liberia, Panama and Honduras totalled 1,246 ships of 16,960,000 deadweight tons. On December 31, 1960, they had increased to 1,397 ships totalling 23,670,000 deadweight tons. During this period, the year 1960 showed a decrease of 208 ships from 1958 as compared to the increase of 98 ships from 1957 to 1958. This decrease is encouraging and is due in great part to the activities of the National Maritime Union. In these totals there were, as of October 1, 1959, 507 ships totalling 10,720,935 deadweight tons flying the flags of Liberia, Panama and Honduras listed as under "effective control" by the Military Sea Transportation Service and the Maritime Administration. The "runaway" fleet carried 34 percent of our dry cargo imports and 16 percent of our dry cargo exports, 60 percent of our tanker imports and 45 percent of our tanker exports during 1959.

The past Administration continued during their eight years to foster the "runaway" flag operators in their continued drive to aid the big oil companies, the steel companies and all big

money interests.

In their planned program of offering aid to the "runaway" operators, the Administration changed the policy covering the transfer of Liberty ships to foreign ownership and registry so as to make it easier to transfer; extended U. S. government war risk insurance or reinsurance to the "runaways"; announced through the Maritime Status Report prepared by the Joint Mar-AdNavy Planning Group that we should "maintain effective U. S. control over U. S. owned merchant ships now registered under so-called 'flags of convenience' (Panama, Liberia and Honduras);" and, backed the "runaway" flags in opposition to our NATO allies at all international conferences.

These are but a few of the instances where the past Administration aided the "runaways." We have been successful to some

degree in countering some of these actions.

The present Administration's tax proposals to Congress include a proposal to tax the earnings of U. S. owned companies operating in tax haven countries where more than 20 percent of their income is derived from outside the country in which they are incorporated.

This proposal would deprive the "runaway" operators of one of their primary reasons for existence—avoidance of U. S. taxes.

We have continued to be successful in educating members of Congress and certain key defense people on the dangers inherent in the complete reliance upon these "runaways" to the detriment of our own flag merchant marine. The fact that these people are beginning to express some doubt upon the feasibility of relying upon these "runaways" is encouraging.

We have pointed out to this Administration the fact that if we are to maintain a merchant marine capable of serving our peacetime commerce and adequate to serve our nation in time of emergencies, they must insist that any further transfers be in keeping with our maritime policy to build and foster a strong merchant marine. We have recommended the following transfer

policy to the Administration:

The Federal Maritime Board, may, by unanimous vote, after public hearing, permit the transfer of U. S. flag ships to foreign flag, after the applicant for such transfer has affirmatively flag, after the applicant for such transfer has affirmatively shown that the transfer would be:

In the interest, convenience and necessity of the U. S. Merchant Marine, the U. S. economy, and the national defense.

A factor for increasing revenue in the U. S. after a consideration of all tax receipts and disbursements.

A favorable factor to the enforcement of U.S. safety laws.

An improving influence on U.S. labor standards.

Of material aid to U. S. foreign policy as certified by the Secretary of State.

No influence toward over-tonnage of any of the trade lanes on which U. S. vessels operate.

Unharmful to the competitive position of American-flag vessels.

Certified by the National Defense Establishment to be of no military value to the U.S. or our possible enemy.

Of aid to U.S. shipbuilding program.

To place the ship in a trade, between ports of one nation, in which the operation of foreign flag ships would not be prejudicial to the U. S.

Of aid to friendly nations in the building of a merchant marine fleet sufficient to carry 50 per cent of their foreign and domestic

trade, or replace vessels which have been destroyed.

All applications for transfer of American flag ships to foreign ownership and foreign registry that meet the above requirements shall be approved with the further requirement that the transferred ships shall be prohibited, for the life of the ship, from loading or unloading cargo or passengers in U. S. ports.

President Kennedy has said that "the 'runaway ship' like its counterpart, the 'runaway shop' is a hit and run operation which

should be stopped."

On August 24, 1961, Deputy Secretary of Defense Gilpatric wrote to Rep. Carl Vinson (D-Ga.) chairman of the Armed Services Committee, stating that the Department of Defense is retaining its policy that the U. S. has "effective control" over the "runaway" ships. Gilpatric further advocated that a national policy be established in support of the Defense Department's position.

Sen. Warren G. Magnuson (D-Wash.), chairman of the Senate Commerce Committee, wrote the Secretary of Defense Robert S. McNamara, questioning the Defense Department's position. In the letter Senator Magnuson raised the following points:

"It is the declared policy of the United States in the Merchant Marine Act of 1936, "to foster and develop a merchant marine' capable of carrying a substantial portion of our export-import commerce and all of our domestic commerce, and be capable of serving as a naval and military auxiliary.

"The only effective control of a ship is that of the seamen manning the ship and that this has been demonstrated on several

occasions.

"It is a known fact that many foreign seamen are sympathetic to Communism. The owners of these 'runaway' ships have stated that, 'The alien crews of these ships owe no allegiance to the laws of the United States. They owe allegiance only to the maritime and other laws of other nations.'

"We must face up to the fact that as long as a mercenary merchant marine is promoted and encouraged by certain departments in the Government, we will never have one adequate for

our needs.

"We need to have a nucleus of trained seamen to man our merchant ships in time of national emergency and shipyards in being to build the ships."

U. S. Shipbuilding

On January 1, 1961, there were 1,747 oceangoing merchant type ships, 1000 gross tons and over, under construction and/or on order in major shipyards of 32 countries throughout the world. This represents a decrease of 73 ships as compared with the comparable date a year earlier.

Four countries, Japan, United Kingdom, Germany and Sweden are building more than half—55 per cent—of total world con-

struction.

Construction in the United States for private account declined by 20 per cent during 1960. On January 1, 1961, orders in United States yards represented 3.5 per cent of the total world construction. Our total private fleet on this date represented 9.2 per cent of the total world fleet.

The current level of tonnage on order in the United States yards places this country ninth as a builder of merchant tonnage.

Our shipbuilding program continues to be inadequate to maintain an American-flag merchant marine as declared necessary by the Merchant Marine Act of 1936.

We are continuing to exert pressure for a long range shipbuilding program in conformity with the intent of the Merchant Marine Act of 1936.

National Political Conventions

We had some success at the Democratic National Convention held in Los Angeles in that we had the following adopted into their platform: "We pledge the improvement of our rivers and harbors by new starts and adequate maintenance. A strong and efficient American-flag merchant marine is essential to peace-time commerce and defense emergencies. Continued aid for ship construction and operation to offset cost differentials favoring foreign shipping is essential to these goals."

The efforts to get a merchant marine plank in the Republican

Platform were for naught.

Consolidation of Maritime Laws

We are continuing the work with Senator Magnuson and his committee (Senate Commerce Committee) in an effort to codify and revise all maritime laws. Our maritime laws are a conglomeration that have been enacted since the beginning of our country with the latest major maritime law being passed in 1936, over twenty years ago.

This effort is divided into three phases, consolidation of all maritime laws—this is being done at present—clarifying of all maritime laws and then substantial changes will be made in

these laws.

Maritime Studies

The establishment of the seven-member committee by the Secretary of Commerce to study problems in the maritime industry has created great concern.

One thing that could be said about the past Administration is that it made the maritime industry the most "studied" and

"researched" industry on record.

The apparent overriding motive in initiation of the studies was to seek justification for not fostering and promoting the American-flag merchant marine.

We are of the firm belief and the facts will back us up that the American-flag maritime industry is of major importance to our national economy and national security and no matter how many studies are undertaken, this fact will not be changed.

A biased group, which appears to us to be the case of the Business Advisory Council group because of the "runaway-flag" representative—or one without all of the facts—will present a

report attempting to shade the true facts.

We have at present sufficient laws to promote and foster an American-flag merchant marine. All that is needed is for the people responsible for administering these declared policies and laws to get off their hind side and administer these laws in behalf of the American public.

We have been invited by the Secretary of Commerce to cooperate with the study group in their efforts. This we shall do.

Earlier this year we received an invitation from the Maritime Administration to discuss on a continuing basis their so-called automation studies. We have advised Maritime that we are more than willing to participate in any program that is intended to strengthen and promote the American-flag merchant marine.

We further advised them that we are not interested in participating in any program that is designed to build more expensive obsolete vessels that are not financially feasible when it comes to competing with modern foreign vessels. Nor are we willing to participate in a program designed to carry the same or less cargo than at present and at the same time replace seamen. When the program is initiated that has as its primary objective the intent to build a modern American-flag merchant marine adequate to carry a substantial portion—at least 50 percent—of our waterborne imports and exports, we will then be ready and willing to talk about its effect upon seamen's jobs.

Marine Hospitals

In 1958, in cooperation with the Labor-Management Maritime Committee, we undertook an extensive study of the Public Health Service Hospitals to clarify some of the concepts and issues regarding the important problem of maintaining proper merchant seamen's health—a program so important to our industrial, social and economic well-being, and national security.

We have been successful over the years in preventing the Bureau of the Budget from eliminating these hospitals.

The Surgeon General requested this year that the 1958 study be reviewed and brought up to date. This effort is now under way and should be completed in 1962.

We have met with the new Surgeon General, Dr. Luther L. Terry. He is firmly aware of the needs and benefits of the Marine Hospitals and is continuing the program of attempting to up-

grade the service offered by the Public Health Service.

There is at present, pending legislation before the House Committee on Judiciary and the Senate Committee on Armed Services relating to the recovery from liable third persons of the cost of medical care and treatment furnished by agencies and departments of the United States to persons authorized by law to receive such care and treatment.

This pending legislation raises many questions in regard to seamen and the PHS, the Jones Act and the Maintenance and Cure laws, and the seamen's right of election as to the method

used in accident settlement cases.

We have contacted all of the government agencies in cooperation with the Labor-Management Maritime Committee, seeking an amendment to exclude merchant seamen. If we do not get the amendment, we will oppose its enactment.

Military Sea Transportation Service

The Defense Department continues to maintain a merchant marine—the Military Sea Transportation Service—in competition with our privately owned and operated merchant marine. The MSTS is not only the largest shipping company, but it dominates the private companies through its allocation of cargo and passengers to be carried by the private companies.

The continued efforts to curtail the Military Sea Transportation Service's maintaining a merchant marine in competition

with our private companies is being intensified.

Breach of Warranty of Seaworthiness Liability

Rep. Herbert C. Bonner (D-N.C.), Chairman of the House Merchant Marine and Fisheries Committee, has introduced a bill, H.R. 207, that would limit the liability of vessel owners in suits by third parties based upon the warranty of seaworthiness.

The shipowners claim that this bill, if passed, will prevent them from being sued because of negligence on the part of longshoremen. This may or may not be true. However, the bill goes

much farther.

The danger of the bill with reference to claims of seamen is that it may be the opening drive to eliminate the traditional right of seamen to recover against a vessel owner by reason of the unseaworthiness of a vessel which is in addition to his right to recover by reason of negligence under the Jones Act.

This is a bad bill and will be vigorously opposed. Testimony

is being presented in opposition.

Simplification of Shipping Articles

We are working with the Department of the Treasury—U. S. Coast Guard—in an effort to simplify the shipping articles.

We are participating in this project because we believe that there are benefits to be gained by the entire industry—labor, management and the government. We shall proceed in this project with the aid and advice of the experienced union officials and their attorneys because we realize that there are many problems and possible pitfalls involved.

Committee On Political Education

It is generally agreed by expert politicians irrespective of party affiliation or inclination that COPE activities are the number one reason for the election of a Democratic Administration, which it is thought will be responsive to the needs of the American people as opposed to those of big business. Because the primary attention was given to the election of a progressive Administra-

tion, some progressive congressmen were lost.

The labor movement through COPE can, in a short period of time, see to it that our Congress is one that is responsive to the needs of the people also. To achieve this requires the full cooperation of every AFL-CIO union. Seagoing unions have always had a thorough understanding of the importance of political action. This is so because of the many laws which govern their lives. This is recognized in the attention which the seagoing unions give to legislative matters. This being the case, it is necessary that the principal officers of all seagoing unions make the building of COPE and labor's political strength a number one policy and administrative function of their unions.

Physical Qualification

Legislation has been introduced that requires the Coast Guard to prescribe rules and regulations governing physical qualifications required of merchant seamen in order for them to be eligible to sign articles. The Coast Guard is also required to administer the sign-on physical examinations.

This is bad legislation that, if passed, could be used as a method for blackballing seamen. We are opposing this suggested

legislation and will continue to do so until it is defeated.

Maritime Training

Rep. Jack Shelley (D-Calif.) has introduced a bill that would establish and maintain a Maritime Training Service. This service would include training in the deck, engine room and stewards departments. Provisions are made to establish correspondence training courses. And further, the Secretary of Commerce is directed to procure, outfit and berth at least three vessels for use as training ships.

This could be the beginning of a realistic maritime training

program geared to the needs of the industry.

We shall continue to work in an effort to get this type of legislation enacted into law.

Cargo Preference

The Cargo Preference Laws that provide the carriage of "at least" 50 percent of our foreign aid shipments be carried in American-flag ships was under constant attack by the past Administration during the last session of the 86th Congress.

Only time will tell to what degree the present Administration will administer our Cargo Preference Laws to benefit our mer-

chant marine.

In August 1961, the Department of Defense announced that the coal used in U. S. military installations in West Germany will be purchased in the United States rather than from foreign sources. At the same time they anounced that the coal would be

transported in foreign-flag ships.

We immediately began efforts to have this latter order reversed. It was pointed out to the Defense Department that Section 2631 of Title 10 of the United States Code provides that only vessels of the United States may be used in the transportation by sea for supplies bought for the Army, Navy, Air Force and Marine Corps. And further, that Section 901 (b) of the 1936 Merchant Marine Act provides that whenever the United States shall procure for its own account materials within the United States, the appropriate agency shall take such steps as necessary or practicable to assure that 50 percent of the gross tonnage of such material shall be transported on American privately owned vessels.

The Defense Department has now partially reversed themselves and announced that at least 50 percent of the cargo shall

be transported on U. S.-flag vessels.

We are continuing our efforts to have all -100 percent-of the

cargo transported on U. S.-flag vessels.

We have advised the Secretary of Commerce that one way to help solve the many problems of our merchant marine and at the same time administer our Cargo Preference Laws as intended would be to centralize the administration of our cargo preference programs through one agency—the Maritime Administration.

Coastwise-Intercoastal

The Senate Interstate and Foreign Commerce Committee held extensive hearings during the last session of the 86th Congress on the declining coastwise and intercoastal shipping. We participated in presenting the case for the declining coastwise industry to the Committee. It was pointed out to the Senate Committee that the railroads are, with the blessing of the Interstate Commerce Commission, engaging in selective rate cutting with the following results: Of about 50 coastwise and intercoastal shipping companies in operation 20 years ago, only three remain; of some 800 ships then in operation, only twelve remain. The then remaining intercoastal common carrier and the two remaining coastwise operators, all are operating at a net loss. This year, Luckenback Steamship Co., Inc., the remaining intercoastal shipping company and the Erie & St. Lawrence Corporation, withdrew from the trade.

The Senate Interstate and Foreign Commerce Committee's findings and conclusions arising from the committee's hearings are contained in the report, "Decline of the Coastwise and Intercoastal Shipping Industry." This committee report reaffirms the charges made against the Interstate Commerce Commission and is an excellent starting point to restore the coastwise and intercoastal shipping industry. The committee's report is being followed up because unless it is and vigorously so, the ICC will

continue as at present.

As a continuation of the program to rebuild the coastwise and intercoastal shipping industry, we supported S. 1197. This legislation, simply stated, would make it more difficult for the railroads to establish discriminatory rates.

To date, this bill is still under consideration by the Senate

Commerce Committee.

Reorganization of Maritime

President Kennedy's Reorganization Plan No. 7 created a separate five-man Federal Maritime Commission charged with the regulatory functions of the present Federal Maritime Board; transferred to the Secretary of Commerce the awarding of subsidies and related promotional functions; retained the present Maritime Administration with an Administrator and Deputy Administrator; and abolished the Federal Maritime Board. The Reorganization Plan went into effect August 12, 1961.

The reorganization looks good with the exception that the administrator will not be able to act with any degree of independence of the Secretary of Commerce and the Bureau of the Budget.

The reorganization in itself, regardless of how ingeniously it was devised, will not solve all of the past and present problems. The answer lies primarily in the attitude of the commission members and the administrator.

We have been working with the Department of Commerce and the executive offices in an effort to have the right type of people appointed to the job.

International Conferences

A Safety of Life at Sea Convention was held in London during May of 1960. Prior to the convention, we participated over a two year period, in preparing the U. S. position. We continually urged during this preparation with some degree of success, that the government take the position of raising the world standards to closer conform with our safety standards. This convention, as well as the past conventions, made advances in the world safety standards.

In the future, changes in the Safety of Life at Sea will be handled on a regular basis through the International Maritime Consultative Organization, a specialized United Nations Agency in the field of international shipping. In order to insure the success of this specialized agency (IMCO), labor and management should participate along with the government in the continued

program of improving marine safety standards.

John I. Hay Case

We appeared before the Interstate Commerce Commission Hearing Examiner in St. Louis in opposition to the Illinois Central and the Southern Pacific Railroads being allowed to purchase the John I. Hay Co., a barge line operating on the Mississippi

River and in the Gulf.

We appeared in opposition because we are certain that if these railroad companies are allowed to purchase a competing barge line, it would mean the end of an effective barge industry on the inland waterways. This concerns us because there are approximately 80,000 maritime employes on these waterways whose future would be placed in jeopardy.

The examiner for the Interstate Commerce Commission has recommended that the applicants—Illinois Central and the South-

ern Pacific Railroads-be denied.

At present the case has reached the final stage and is undergoing oral argument before the Interstate Commerce Commission.

We have, therefore, overcome the first major hurdle and we

shall continue our efforts until the conclusion.

Minimum Wage

This year we filed a statement with the Special Subcommittee on Labor of the House and the Subcommittee on Labor of the Senate. In our statement we stated that the raising of the minimum wage of \$1.25 an hour and the extension of coverage to the millions of uncovered is necessary for the well-being of the nation and the citizens of this nation. We pointed out that the continued exclusion of merchant seamen from the benefits of the Fair Labor Standards Act cannot be justified on any basis.

Legislation was enacted following these hearings that extends the minimum wage provisions of the Fair Labor Standards Act to merchant seamen. They are, however, excluded from the benefits of overtime coverage. Seamen employed on other than

"American vessels" are excluded from coverage.

Special provisions of the coverage are as follows:

(1) Employers are permitted to calculate seamen's wages on the basis of periods other than a workweek, in accordance with the custom in the industry, provided that the wages equal the

applicable minimum hourly wage under the Act.

(2) In calculating hours worked under the Act, only the hours during which a seaman is actually on duty need be counted. A seaman is considered to be on duty while he is on watch, or it, at the direction of a superior officer, performing work or standing by. Off duty periods, provided pursuant to an employment agreement, are not considered in determining hours worked.

Minimum Wage and Increases for Newly Covered Employes

The amendments are designed to bring the minimum wage for all covered employes to \$1.25 an hour by September 3, 1965.

For employes brought under the statute for the first time by these amendments (this includes seamen), the timetable for increased minimum wage is as follows:

> September 3, 1961—\$1.00 an hour September 3, 1964—\$1.15 an hour September 3, 1965—\$1.25 an hour

Board and Lodging

Prior to the amendments, the employer was permitted to make deduction from the minimum wage for the reasonable cost of board, lodging and other facilities. In Section 2(a) of the 1961 amendments, the definition of "wage" is changed to exclude the cost of board, lodging, and other facilities to the extent that it is excluded under the terms of a collective bargaining agreement. However, the Secretary of Labor is authorized to determine the fair value of facilities furnished by an employer on the basis of "average cost to the employer or to groups of employers similarly situated, or average value to groups of employees, or other measures of fair value."

Enforcement Provisions

Under Section 12, the federal district courts are empowered to order payment of back wages due employees under the Act in injunction suits brought by the Labor Department, if brought within two years. The department may file suit without a formal request barring any further action by the employee for back wages or damages. However, the employee may maintain a private suit for back wages and liquidate damage if brought before the Labor Department action.

Coast Guard Academy-Kings Point

Testimony was given before the Subcommittee on Merchant Marine of the House Merchant Marine & Fisheries Committee last year in support of legislation to place the faculty at Kings Point on civilian status. This year we filed a statement with the Merchant Marine and Fisheries Subcommittee of the Senate Interstate and Foreign Commerce Committee in support of this legislation (S. 576).

We favored this because the American merchant marine has traditionally been a service both in war and peace operated by

private companies and manned with civilian personnel.

Secondly, the preamble of the 1936 Merchant Marine Act clearly sets forth the principle that the merchant marine should be operated and manned as a civilian transportation service for the commerce and defense of the United States.

Thirdly, the purpose of the academy is to train personnel for

the merchant service and not for the Armed Services.

This legislation has been enacted into law.

Cruise Legislation

The primary objective of the operating-differential subsidy granted American-flag steamship operators, is to make them

competitive with foreign-flag steamship companies.

The percent of participation in the carriage of passengers by American-flag passenger ships to and from the United States is nevertheless decreasing. The percent of participation in total passengers arriving by sea on American-flag passenger ships has declined from 45.2 percent in 1951 to 27.5 percent in 1960. The percent for departures has declined from 34.4 percent in 1951 to 26.5 percent in 1960. This disastrous reduction in the short period of 10 years is cause primarily by the addition of newer and more modern foreign passenger ships. This loss of business to the American-flag operators has resulted in the laying up of passenger ships and the cancellation of numerous scheduled sailings. When this happens, as it has much too frequently, it means the loss of jobs for the seamen that man these ships.

There has developed since the end of World War II, a very substantial business in the carriage of Americans during the winter months on short cruises. In 1959, there were approximately 99,000 passengers that took "special cruises" from the United States. (A "special cruise" is a cruise that is not on

the particular ships regular run.) More than 99 percent of these passengers took these "special cruises" on foreign-flag ships. Eighty-seven percent of the passengers taking these "special cruises" took them to the Caribbean area and they were all on foreign-flag ships.

We testified in favor of legislation which was enacted into law this year that authorizes the payment of operating-differential subsidy for cruises, thereby making it possible for the American-flag passenger ships to participate in the lucrative

cruise business in the off season.

Dual Rates

Most American steamship lines operating in essential trade routes to and from the United States belong to what is known as steamship conferences. These conferences set uniform freight rates to be charged by all its members, foreign as well as American. There are some open rated commodities including bulk commodities in which the conferences do not attempt to establish the rate. The companies operate as common carriers maintaining regular sailings regardless of cargo offerings. The companies have devised with the consent of the government a system known as the dual rate system. This is a tying arrangement whereby the shippers who sign the agreement receive a lower rate by agreeing to ship exclusively by conference lines.

In May of 1958, the Supreme Court rendered a decision which threw some doubt on the right of steamship conferences in the American import and export trades to continue conference dual rate systems. During August of 1958 and again last year and this year, Congress passed a law making it possible for the conferences to continue their dual rate contracts until October of

this year.

In the meantime, several congressional committees started a study of the dual rate system and the steamship conferences. After extensive hearings by these congressional committees in which we presented our views, they came up with a so-called dual rate bill—H. R. 6775—that was signed by the President.

We pointed out to the President, before he signed the bill, that it was inadequate but nevertheless necessary that it become law for the specific purpose of allowing the shipping industry (labor and management), government and the shippers, time to work out legislation to squarely meet the needs of our foreign commerce.

When the President signed the legislation he said, "If experience under the law demonstrates that additional protection or additional regulatory authority is necessary, it will be requested. In the meantime, I am requesting the Federal Maritime Commission to keep the subject matter under continuing consideration."

Action Program

1. Press for the carrying out of the 1936 Merchant Marine Act which states that a "substantial portion" of our waterborne import-export commerce will be carried in American-flag ships.

2. Press for new legislation and for proper administration of present laws to prevent the transferring of American-flag ships to foreign flags that are not in keeping with our maritime policies to build and foster a strong merchant marine, and to bring under the American flag those flag ships owned by Americans.

3. Press for a long-range ship replacement program for private U. S. shipyards designed to prevent block obsolescence of our merchant marine and to retain skilled workers in our private shipyards in conformity with the intent of the Merchant Marine Act of 1936.

4. Strive for the proper administration of Public Law 664 so that our ships carry at least 50 percent and up to 100 percent of our government-generated cargoes. Push legislation that would eliminate all ships from participating in the carriage of this cargo that are not U. S. flag or the flag ships of the recipient nation.

5. Seek administrative action to have our cargo preference laws administered through one agency, the Maritime Administration.

6. Press for legislation that will rehabilitate our coastal and intercoastal shipping.

7. Continue the fight, with management's cooperation, to prevent the Bureau of the Budget from eliminating the Marine Hospitals.

8. Continue to oppose the enactment of any anti-labor legislation by Congress.

9. Continue to seek legislation that will provide for the teaching of foreign languages to merchant seamen.

10. Cooperate with the Senate Commerce Committee in the consolidation of shipping laws and modernization of the archaic maritime laws.

11. Continue to support legislation to amend custom regulations that will give merchant seamen the same exemptions as other residents returning from abroad.

12. Support legislation that will bring merchant seamen under the provision of the overtime coverage of the Fair Labor Standards Act.

13. Press for the elimination of the so-called "effective control" concept which is the instrument of long-range destruction of the American-flag Merchant Marine.

 Continue to work to raise world safety standards to conform with our own safety standards. 15. Press for proper representation of labor and management in international conferences where industry problems are being considered or discussed by government representatives.

16. Strive for legislation which will legalize bona fide mari-

time rotary shipping hiring halls.

17. Continue to strive for a program to curtail the Military Sea Transportation Service's maintaining a merchant marine in competition with our privately owned and operated merchant marine.

18. Continue to support the operating and construction subsidy provisions contained in the Merchant Marine Act of 1936 in order to enable our American Merchant Marine to compete effectively with low wage foreign competitors.

19. Strive for a realistic maritime training program geared

to the needs of the industry.

- 20. Continue to fight in order to stop congressional appropriations committees from using the unit limitation method of freezing operating-differential subsidies. This practice tends to establish a monopoly on operating subsidies and can destroy the American-flag merchant marine under normal conditions.
- 21. Obtain legislation establishing uniform standards for sea-

men's unemployment compensation.

- 22. Seek to have Congress improve and coordinate the government methods of studying and acting on maritime problems with the goal of achieving a continuity of long-range maritime policy.
- 23. Urge the Administration and Congress to initiate a program specifically designed to realize at least 50 percent of our ore and oil imports in U. S. flag ships.
- 24. Seek amendment to the 1936 Merchant Marine Act so as to prevent any company from receiving aid from the U. S. Government that has foreign flag affiliations.
- 25. Obtain administrative and congressional action to assist U. S. flag tramp companies.
- 26. Seek amendment to law preventing discharge of U. S. seamen and their replacement by foreign seamen in foreign ports.
- 27. Work to amend mutiny statutes in order to prevent their use in labor disputes.
- 28. Seek to make permanent the federal law on absentee voting for seamen.
- 29. Press for establishment of an adequate public relations program operated by the Maritime Administration to sponsor the American Merchant Marine.
- 30. Continue our efforts to prevent the destruction of an effective barge industry on the inland waterways.
- 31. Continue to strive through administrative and congressional action to have all of our sugar imported under the sugar quota program in American-flag ships.

32. Seek legislation to amend the 1936 Merchant Marine Act to permit operating and construction differential subsidies to be paid with respect to vessels operating in the domestic commerce

of the United States on the Great Lakes.

33. Continue to promote the concept of government, labor and management cooperation to the end that the American Merchant Marine shall assume a stature commensurate with our economic, political and security needs.

Railway Employes' Department

During the past two years, the Railway Employes' Department and its affiliated organizations have made progress in improving the wages and working conditions of the employes they represent on the railways both in the United States and Canada. Some progress was also made on the legislative front, but the most pressing problem confronting the organizations is declining employment.

Just prior to the last convention, the non-operating standard railway labor organizations inaugurated a national movement to

secure improvements in wages and working conditions.

As outlined in our previous report, uniform notices were served on the individual carriers on May 29, 1959 by 11 organizations, including those affiliated with the Railway Employes' Department, requesting that the existing vacation agreement be amended to provide for two weeks' vacation after one year of service, three weeks after five years of service and four weeks after ten years of service, effective with the calendar year 1960. The organizations also proposed that the qualifying period in the preceding calendar year be reduced from 133 to 90 days, as well as a number of other changes to correct abuses under the existing agreement. In addition, a request was made for two additional paid holidays, namely Good Friday and Veterans' Day.

The carriers declined to negotiate on the grounds the proposals were barred by Article VI of the November 1, 1956 agreement, which, however, permitted the serving of notices prior to November 1, 1959, if the changes requested were to become effective after that date. The carriers also served counterproposals on the organizations requesting that qualifying periods for vacations be increased from 133 to 160 days (182 days in 1949 and 192 days prior to 1949), that wage rates be reduced 5 cents per hour to offset the cost of paid holidays provided under the existing agreement, and that employes receiving holiday pay who perform service on a holiday be paid at straight time for such service.

On June 26, 1959 the carriers were requested to form conference committees to deal with this dispute. Meanwhile, consideration was given by the organizations to further requests

for improvements in wages and working conditions.

On September 1, 1959, uniform notices were served on the individual carriers requesting improvements in the existing health and welfare plan, including life insurance, the cancellation of the existing escalator provisions, incorporation of the cost-of-living adjustments under the November 1, 1956 agreement into the basic rates and an increase in the resulting rates

of 25 cents per hour.

In acknowledging the notices and setting the date for conference, the carriers again took the position that the organizations' proposals were barred by the restrictions in the current agreement and later served additional counter-proposals on the organizations requesting that wage rates be reduced 15 cents per hour, that the cost-of-living adjustment provision of the current agreement be cancelled effective October 31, 1959, that the health and welfare plan be amended to provide for payment of only 85 percent of the regular coverage, after the employe has absorbed \$25 of the cost, and 75 percent of the polio coverage after the employe has absorbed \$50 of the cost of coverage provided under the existing agreement for employes and their dependents in any 60 day period, and that such savings be reflected in a reduction of the premiums paid by the carriers. Regarding the employes' proposals for improvements in the health and welfare plan and life insurance, the carriers said that "those proposals are outside the ambit of 'rates of pay, rules and working conditions,' as those words are used in the Railway Labor Act, and do not come within the scope of mandatory bargaining."

Meanwhile, in view of the carriers' contention with respect to the bargainability of the vacation-holiday proposals, the organizations filed a request with the National Mediation Board on September 9, 1959 for an interpretation of the November 1, 1956

agreement.

After some delay the carriers created conference committees to deal with the vacation-holiday dispute. Conferences were begun on October 14, 1959, but the carriers continued to insist, as they did on the individual properties, that the employes' proposals were barred by Article VI of the November 1, 1956 agreement.

The organizations immediately advised the National Mediation Board that this issue was unresolved and asked that the request for an interpretation of the November 1, 1956 agree-

ment be set for prompt hearing.

After holding hearings on November 3, 1959 at which the parties presented evidence in support of their respective positions, the board issued Interpretation No. 82 on November 13, 1959, in which it ruled that the organizations' proposals were bargainable.

Conferences with the Carriers' Conference Committees were resumed on November 23, 1959 at which the organizations' notices of May 28 and September 1, 1959, as well as the carriers' counter-proposals were discussed, but the parties failed to reach an agreement. The services of the National Mediation board were invoked on January 20, 1960 and mediation proceedings were continued until March 28, when the Board concluded that no settlement could be reached. After the proffer of arbitration was declined by the organizations, the board terminated its services and the President issued an Executive Order on April 22, 1960 creating an Emergency Board to investigate the dispute.

The board, consisting of John Dunlop, Chairman, Benjamin Aaron and Arthur W. Sepliner, held extensive hearings and on June 8, 1960 made its report to the President in which it recommended a wage increase of 5 cents per hour effective July 1, 1960, cancellation of the escalator clause, incorporation of 17 cents per hour payable under the escalator clause into the basic rates, and a number of changes in the vacation and holiday rules

as well as the health and welfare plan.

The board's recommendations were very disappointing, particularly with respect to the wage issue. Despite the strong case presented by the organizations for a substantial wage increase, the Board formulated its recommendations to fit the "pattern" resulting from the wage increase granted to the Engineers by an arbitration board. However, negotiations were resumed with the Carriers' Conference Committees and after intensive negotiations, an agreement was finally signed on August 19, 1960 settling the dispute on the basis of the recommendations of the Board. Subsequently, negotiations were conducted by the parties with the Travelers Insurance Company and Travelers' Group Policy No. GA-23000 was amended to conform to the agreement.

Briefly, the gains made under this agreement were as follows:

Wages

As recommended by the Emergency Board, the agreement provided for a wage increase of 5 cents an hour effective July 1, 1960, the cancellation of the escalator clause and the incorporation of the escalator increase of 17 cents per hour into the basic rates.

Health and Welfare

The existing health and welfare program was also improved substantially. In addition to granting the same hospital, surgical and medical benefits to dependents as are provided for employes, except for house and office calls, the agreement provided for \$4,000 of life insurance for the employes and the necessary increase in payments by the carriers to finance the health and welfare program over the next two policy contract years, with the increase in payments beginning February 1 and the improved benefits beginning March 1, 1961. Other improvements included

a three-month extension of hospital, surgical and medical benefits to employes who are furloughed beyond that provided under the existing contract and the assumption by the carriers of the cost of "on duty" injuries. On non-hospital association roads, the carrier would pay Travelers \$20.31 per employe per month plus 70 cents per employe per month for continuation of insurance to furloughed employes and 81 cents per employe per month for on-duty injuries. On hospital association roads, the carriers would pay hospital association dues not to exceed \$7.58 per employe per month, 81 cents per employe per month for on-duty injuries and the cost of providing the continuation of benefits to furloughed employes. In addition, they would pay Travelers \$12.73 per employe per month for dependents' benefits and 38 cents per employe per month for the continuation of this insurance when the employe is furloughed.

Vacations

Effective for vacations during the calendar year 1960, the qualifying period for a two-week vacation was reduced from five to three years. The number of qualifying days needed for vacations was likewise reduced on a sliding scale based on the number of years of service. Effective for vacations during the calendar year 1961 and thereafter, the number of qualifying days required in the previous calendar year was reduced to 120 days for employes with one year of service, 110 days for employes with three years of service and 100 days for employes with fifteen or more years of service. This compares with 133 days of service required prior to 1960 (151 days in 1949 and 160 days prior to 1949) which continue to apply in determining the qualifying years prior to the year 1960. The agreement also provided that a vacation would be considered earned if an employe qualified regardless of death, retirement, or termination of service for any reason, and days off because of injury, as well as sickness, may now be counted in computing service for vacation qualifying purposes within the limits already provided under the vacation agreement.

Paid Holidays

In order to correct a glaring abuse of the paid holiday rule by the carriers, the qualifying provisions for holiday pay were improved in a number of important respects. A regularly assigned employe may now qualify for holiday pay either by having compensation credited to, or being available for service on, the work days immediately preceding and following the holiday even though his job is blanked or abolished or he is briefly furloughed. In many instances, under the previous agreement, regularly assigned employes found themselves deprived of holiday pay because the carrier blanked or abolished jobs or furloughed them so they could not qualify. In addition, other than

assigned employes may now qualify for holiday pay. Such an employe is eligible if (1) compensation for service is credited to 11 or more of the 30 calendar days immediately preceding the holiday, (2) he has a senicrity date for at least 60 calendar days or has 60 calendar days of continuous active service preceding the holiday and (3) he has compensation credited for service or is available for service on the work day preceding and following the holiday. The agreement interprets "available" as meaning that an employe is available unless he lays off of his own accord or does not respond to a call, "pursuant to the rules of the applicable agreement," for service.

Owing to the fact that the Dining Car Employes are covered by separate vacation agreements, it was agreed that the parties to the agreement of August 19, 1960 would retain authority to deal with the revision of these agreements, on the basis of the changes agreed upon for all other employes, at a later date.

The agreement also provided that no new notices on a national or regional basis could be served to become effective prior to November 1, 1961, and as that date approached, consideration was given by the involved organizations to another wage movement in view of the failure of the Emergency Board to correct existing inequities and the progress being made by the employes in other industries.

On September 1, 1961, a uniform notice was served on the individual carriers by 11 non-operating standard railway labor organizations, including those affiliated with the Railway Employes' Department, requesting an increase in wage rates of 25 cents an hour to become effective November 1, 1961. In addition, the carriers were requested to modify or supplement existing rules to provide for a six months' notice of an intended reduction in forces, in order to give the affected employes an opportunity to adjust to the impact of the lay-off, which over the past few years has in many instances become permanent. The carriers were also requested to form Conference Committees in the event that the dispute could not be settled on the individual carriers.

The carriers served counterproposals on the organizations providing that entering rates of pay for certain classes of employes be reduced to 80 percent of the established rates, that a rate of \$1.25 per hour be established for all dining car waiters and that only 24 hours advance notice be given before positions are abolished or forces reduced. Conferences are in progress on the various carriers as our report goes to press.

Improvements on Canadian Railroads

A national movement was also inaugurated by the nonoperating organizations in Canada, including those affiliated with the Railway Employes' Department, to secure an increase in wage rates and improvements in working conditions. On November 5, 1959, uniform notices were served on the railways parties to the Master Agreement of November 26, 1958 requesting that effective January 1, 1960, wage rates be increased 7 per cent plus 12½ cents per hour, or approximately 25 cents an hour, and that the existing vacation rules be revised to provide for 15 working days with pay after 10 years of service and 20 working days with pay after 20 years of service. Should the rates for health and welfare benefits be raised by the underwriters of the Employe Benefit Plan, it was proposed that they be shared equally by the railways and the employes; also that employes be paid every second Thursday and that pay for statutory holidays be extended to maintenance of way extra gang

employes.

Negotiations on these proposals were begun with the railways by the Employes' Negotiating Committee on November 25, 1959 in the course of which the carriers served a counter-proposal on the organizations requesting that they pay 10 cents per employe per month for the check-off of dues, which was being performed on the Canadian railways without cost to the organizations. Although it was hoped that early agreement could be reached on the modest requests of the organizations, the railways claimed inability to meet them because of conditions imposed by "public policy." After exhausting all possibility of reaching a settlement, the Employes' Negotiating Committee broke off negotiations on January 22, 1960 and requested the appointment of a Board of Conciliation under the Industrial Relations and Disputes Investigation Act.

On February 18, 1960, the Minister of Labour announced the establishment of a Conciliation Board. The organizations nominated Mr. David Lewis, the railways nominated Mr. Philip Vineberg and on April 1, 1960, Mr. Justice J. Milvain, Judge of the Supreme Court of Alberta, was appointed by the Minister to

serve as Chairman.

Hearings were begun by the Board in Montreal on May 9 and continued, with some interruptions, until July 7, 1960. After the hearings were concluded, the members of the Board and then the Chairman sought through mediation to bring about a settlement of the dispute. This proved fruitless, so the Board proceeded with the preparation of its report to the Minister of Labour. The majority report signed by the Chairman and the unions' nominee and the minority report signed by the carriers' nominee were released by the Minister of Labour on August 24, 1960.

The majority report, which constituted the report of the Board, recommended a two year contract under which wage increases averaging 14 cents per hour would be paid as follows: 2 cents per hour retroactive to January 1, 1960; 5 cents per hour effective September 1, 1960; and 4 per cent effective May 1, 1961 based on the wage rates in effect prior to January 1, 1960. The Board also recommended a four week vacation after 25 years of

service, instead of thirty-five years under the existing agreement, while the railways' request for a charge of 10 cents per check-off for union dues was denied. The minority report rejected any wage increases for railway workers but concurred in the recommendations of the majority on vacations and other incidental issues.

The organizations comprising the General Conference Committee met on August 31, 1960 to consider the Board's report and voted to accept it as the basis for settlement of the dispute. The carriers, however, declined to accept the report, leaving the organizations no alternative but to submit the entire matter to the membership in the form of a strike ballot.

The employes voted overwhelmingly to authorize a cessation of work if the railways failed to accept the Board's recommendations and December 3, 1960 was set as the date for withdrawal

from service.

Meanwhile, the Employes' Negotiating Committee was invited to confer with members of the Cabinet. The Prime Minister also participated in the discussion and urged that the strike be deferred until after the Royal Commission on Transportation

made its report.

This the organizations declined to do, whereupon the Government, supporting the railways rather than its own Conciliation Board, immediately sought legislation which would have the effect of barring the strike and freezing wages. Titled "The Railway Operation Continuation Act," this measure was approved on December 2, 1960, just prior to the date set for the strike, and forced the organizations to defer any further action until after May 15, 1961, by which time it was hoped the Royal Commission would have made its report.

On January 24, 1961, the General Conference Committee met in Montreal and set May 16, 1961 as the new date for a strike. They also agreed to resume negotiations with the railways as requested by the Prime Minister. A conference was held with the representatives of the railways on February 15, 1961 but

no progress was made.

After the Royal Commission on Transportation made its report, in which it recommended subsidies to the railways over a period of years to compensate them for uneconomic services they are required to perform as a part of public policy, intensive negotiations with the railways followed, with the result that a Master Agreement was finally signed on May 11, 1961, disposing of the controversy on the basis of the Conciliation Board's recommendations. The agreement was for a two year period expiring on December 31, 1961.

Legislation

In the field of legislation, three important measures of interest to railroad labor have been enacted into law. The first deals with railroad safety. Public Law 86-762, approved on September 13, 1960, provides for the improvement of the accident reporting rules by the Interstate Commerce Commission. This is a first step in railroad labor's determined and continuing campaign to reduce the mounting toll of accidents on the railroads.

This measure, which was sponsored by the Railway Labor Executives' Association, required the Interstate Commerce Commission to amend its safety rules to make accident reporting in

the railroad industry more accurate.

After conferring with representatives of the railroads and the unions on the changes necessary to implement this legislation, the Interstate Commerce Commission revised its accident reporting rules to provide that all accidents to railroad employes be reported instead of only a part of them as they have in the past, that any accident which incapacitated an employe for 24 hours be reported, as compared with 72 hours previously required, and that a separate report be made on each reportable personal injury. In addition, the discretionary right of the chief medical officer on each railroad to determine whether "doubtful" cases should be reported was eliminated.

With the more accurate reporting of accidents which these changes in the reporting rules will provide, it will be possible to make a better appraisal of the causes of accidents in the railroad

industry and thereby suggest ways of reducing them.

The new rules were placed in effect on February 1, 1961, although they will cover all accidents occurring since the beginning of the year.

The Congress also enacted legislation to provide extended unemployment insurance benefits for railroad employes who have exhausted their regular benefits under the Railroad Unemploy-

ment Insurance Act.

Designated as Public Law 87-7, this measure was approved on March 24, 1961, and provides for temporary unemployment benefits at the regular rates for the period extending from July 1, 1960 through March 31, 1962 for employes who qualify after they have exhausted their regular benefits. They may receive such benefits for up to a maximum of 65 days subject to certain limitations.

This will provide at least temporary relief for the many railroad employes who have become unemployed either as the result of the recession or because of the unwise policies which have been followed by the railroads during the past few years.

Finally, on September 22, 1961, the President approved amendments to the Railroad Retirement Act, designated as Public Law 87-285, which changes the eligibility requirements for benefits and brings them into line with recent changes in the eligibility requirements for benefits under the social security system in four areas:

(1) Male employes with less than 30 years of creditable service will be permitted to retire at age 62 on a reduced annuity (women employes already have this right);

(2) A spouse becomes eligible for a spouse's benefit after

being married only 1 year (instead of 3 years);

(3) A recipient of a survivor annuity who marries a retired railroad worker age 65 years or more becomes entitled to a spouse's benefit immediately upon such remarriage if he or she is at least 62 years old:

(4) A woman who is qualified for an annuity as a widow and marries another employe who dies within 1 year after the marriage will not be disqualified for an annuity as the widow of a second employe by reason of not having been

married to him for 1 year.

Previously, employes could retire between the ages of 60 and 65 if they had at least 30 years of service. The annuities of individuals taking advantage of earlier retirement are reduced by 1/180 for each month they lack of being age 65. Under the law, as amended, employes may now retire on reduced annuities at

age 62 with less than 30 years of service.

This change will help alleviate the handicaps faced by employes, who because of technological unemployment, or for other reasons, find it impossible to continue working until age 65. The impact of mergers has been especially severe on railroad workers, and this legislation will offer older employes, who find it impossible to find other employment, some degree of protection.

Declining Employment

Declining employment is one of the most serious problems confronting the organizations in the railroad industry today.

Since World War II, maintenance of equipment employment has been reduced over fifty per cent. There were 387,374 maintenance of equipment employes on the Class I Railroads in 1945 as compared to 184,007 in 1960, which is a loss of more than 200,000 jobs.

Immediately after the war, improved technology was the principal factor affecting employment in the railroad industry. Such improvements in the art of railroading as the diesel-electric locomotive reduced the number of employes notwithstanding an in-

crease in railroad traffic.

In more recent years, however, a number of other elements have had an impact on maintenance of equipment employment, including the merger and abandonment of railroad facilities, the contracting out of maintenance and repair work on locomotives and cars and the under-maintenance of such equipment by the railroads.

These policies of management are both uneconomical and detrimental to the future growth and national defense of our coun-

try. Essential services are being eliminated without regard to

the public interest or their employes.

During the past five years a number of mergers have taken place which are not in the public interest, and others are now pending. Prior to that time, financially poor roads were usually merged with rich roads to provide better service to the public, but most of the recent mergers, and those contemplated, involve consolidation of rich roads for the sole purpose of enriching a few financiers and speculators through a reduction of service to the public with the inevitable unemployment and human misery which follows in its wake.

The organizations affiliated with the Railway Employes' Department, in cooperation with the other standard railway labor organizations in the railroad industry, have urged that the Interstate Commerce Commission defer the further consolidation and abandonment of railroad facilities until a study can be made by the properly constituted authority of the role which the railroads should play in our growing economy and the national defense. Such a program would serve to bring about the more orderly realignment of railroad facilities in terms of the needs of the public and the Nation, rather than the haphazard crazy quilt which is presently emerging from the piecemeal handling of the problem.

To accomplish this purpose, a joint resolution was introduced in the present session of the Congress, designated as H.J. Res.

355 in the House and S. Res. 150 in the Senate.

In addition, the so-called Passenger Service Bill (S. 1670) to amend Section 13 (a) of the Interstate Commerce Act was introduced in the Senate to stop the wanton slaughter of railroad

passenger service.

Action on the joint resolution has been deferred apparently on assurances from the Interstate Commerce Commission that approval of further mergers would not be forthcoming for some time. The Passenger Service Bill is still in Committee. Both of these measures are urgently needed and efforts will be continued to secure their enactment.

Meanwhile the contracting out of repair work on equipment has increased as the dieselization of the railroads progressed, with a consequent loss in railroad shop employment. Since Electro-Motive Division of General Motors has a virtual monopoly over the diesel-electric locomotive market, according to information made available recently by the Attorney General of the United States, there is reason to suspect that they have had considerable influence on the growth of the contracting out of repair work by the railroads. The government has secured an indictment against General Motors under the anti-trust laws on the grounds that it used its economic power illegally to monopolize the manufacture and sale of railroad locomotives, and if this suit is successful, it may result in the reduction of contracting out.

The railroad unions involved are convinced on the basis of many years of experience that this work can be performed more economically by the railroads in their own facilities and that this is essential for the national defense. It would have been tragic, indeed, if during World War II the railroads had not been equipped to do their own repair and maintenance work on their equipment.

The under-maintenance of equipment has also been a factor in reducing railroad shop employment. Not only has this contributed to the increase in railroad accidents, but it has resulted in the loss of untold business to the railroads because of the failure to provide adequate equipment in good order to meet the

needs of the public.

As the recession lifts, it is to be hoped that railroad traffic will increase and provide additional employment for railroad workers. But continued effort will be required to offset the other factors which have contributed to the reduction and instability of railroad employment.

Union Label and Service Trades Department

Two years which have ensued since the Union Label and Service Trades Department held its Golden Anniversary Convention in San Francisco, California, in 1959, have been marked as one of the most outstanding periods of accomplishments and attainment in the promotion of organized labor's distinctive emblems—the Union Label, the Shop Card and the Service Button—since the department came into being in 1909.

Greater service to its affiliated organizations and to the labor movement in general, an increase in the number of national and international unions affiliated with the department, the expansion of present campaigns and programs and the addition of many new ones designed to increase the demand for union products and services have all played a part in this period of

progress for the department.

Certainly a great measure of this success and progress is directly attributed to the immeasurable degree of cooperation and assistance which this department has received and is now receiving from other segments of the trade union movement.

Therefore, the department expresses its sincere thanks to the President and Secretary-Treasurer of the AFL-CIO and to all the members of the AFL-CIO Executive Council for their invaluable advice, counsel and cooperation especially throughout these past two years.

The national and international unions affiliated with the department have been most cooperative with the department's headquarters in supporting national and local campaigns in the

interest of the Union Label, the Shop Card and the Service Button. The AFL-CIO state and city central bodies, affiliates of the AFL-CIO Auxiliaries and the department's chartered union label and service trades councils have performed unusual service in this vital field during this period. The other departments of the AFL-CIO have cooperated fully in bringing into their programs a related interest in our department's activities and the newspapers and journals which comprise the legitimate labor press have devoted great amounts of their space and the unlimited talents of their editors toward promoting the department's drives to channel union-earned wages back to the fair employers who hire union members.

In this regard, very special attention is drawn to the cooperation the department has received from the AFL-CIO News

and from the AFL-CIO American Federationist.

To each of these individuals, organizations, departments and publications the Union Label and Service Trades Department tenders sincere and deepest expressions of appreciation.

New Affiliates

Evidencing the labor movement's own increased interest in gaining recognition and respect for its very special emblems is the increasing number of national and international unions which have become members of the official union label family by affiliating with the department.

Since the 1959 San Francisco Convention, the following affiliates of the AFL-CIO have affiliated with the department:

National Association of Letter Carriers: Communications Workers of America;

United Packinghouse, Food and Allied Workers:

United Federation of Postal Clerks;

International Woodworkers of America; and

International Union of Doll and Toy Workers of the United

States and Canada.

The department now has an all-time record of 83 affiliates and once again extends a warm and hearty invitation to all AFL-CIO national and international unions not already affiliated to further support and expand organized labor's efforts to better the lives of all citizens through purchasing power by becoming Department affiliates.

Department Services

Since its last convention, the department has greatly expanded its services to its affiliates and to the labor movement as a whole and has added to its list of services many new ones.

Among these are the following new services: A regular project known as the "poster of the month" is now in effect. Each month a colorful letter-size poster, furnishing general promotion for Union Labels, Shop Cards and Service Buttons, is mailed to all AFL-CIO national and international unions, state and city central bodies, affiliates of the AFL-CIO Auxiliaries and to the chartered union label and service trades councils. This same poster is also reproduced in mat and reproduction proof form and furnished to the newspapers and journals of the labor press.

Beginning in January 1961, the department added another regular monthly publication to its list of activities. This is known as the AFL-CIO Women's Auxiliaries News and contains Union Label news items of special interest to the Auxiliaries and the union label and service trades councils. This publication goes out each month to organizations in these two groups and

has met with unusually fine acceptance.

Several new items of exhibit materials have been prepared and distributed by the department during the past two years. Among these are "The Owl," a table-top type action display stressing the fact that "It's Wise to Look for the Union Label and to Demand the Shop Card and the Service Button." Another portable exhibit now being produced stresses "Stop, Look and Buy" and uses the action principle of Venetian blinds to draw attention to its message. Wherever possible, the department produces its portable displays in quantity and furnishes them on a free loan basis to local and state groups in the labor movement.

Another service is the production of a new sound-color movie now nearing completion. The movie, which runs for approximately 30 minutes, was filmed in Detroit, Mich., during the course of the 1961 AFL-CIO Union-Industries Show. Known as "Parade of Progress," the movie tells the story of the exhibition and outlines the department's overall efforts to promote more business for the fair employer.

Colorful place mats showing all the Union Labels, Shop Cards and Service Buttons of the department's affiliates have been produced and are furnished free of charge to labor organizations for use at banquets, dinners and luncheons. This item has proved to be an unusually popular one and the department has met re-

quests for over a 150,000 of these place mats.

The department has stepped up its activities in relation to participation in labor schools and consumer counselling institutes, clinics and instruction courses. Speakers have been furnished by the department for participation in these events and packets of department literature have been furnished each student in attendance. One special pamphlet has been designed and produced especially for use at labor schools and in colleges and high schools. Department representatives have also made great use of our portable displays and movies obtained from other branches of the labor movement in conducting courses of study at these functions.

Sets of one and two column "fillers" have been furnished to all labor publications in mat and reproduction proof form.

While these and other new services have been inaugurated, previously existing services have been continued and expanded. Among these is the regular publication of the department's Official News with most recent issues expanded from four page issues to eight pages. This publication is distributed throughout the labor movement and has an average monthly circulation of from 6,000 to 8,000.

Each month the department's Special Monthly Feature continues to be furnished to the journals of the national and international unions of the AFL-CIO. This consists of a short editorial type magazine article about organized labor's distinctive emblems and is accompanied by a mat and a proof of appropriate

art work.

"Stew and Lou," the department's four column monthly cartoon feature goes out regularly to all newspapers and journals of the labor press. This is a humorous cartoon strip stressing the importance of spending union-earned dollars for goods and services produced by union workers.

Each year, as in recent past years, thousands of colorful calendars showing all the emblems of the department's affiliates have been furnished for display throughout the labor movement.

Literature packets for distribution to delegates to conventions and other gatherings are prepared and shipped out by the thousands and contain a selection of the department's literature and a special letter to those who receive them. This furnishes those attending union conventions and similar groups the necessary materials for reporting back to their own organizations and assisting in setting up union label programs on the state and local levels. This item has been revised and improved each year and is now titled: "Your Future in Your Own Hand."

Stepped up activities during this recent period include greater participation in state and county fairs. The department furnishes massive supplies of literature and portable exhibits to state and local labor groups for such participation. Requests from these local groups for additional literature and "giveaways" are passed on by the department to its affiliated unions and the response to these requests has been without precedent. Especially in connection with the promotion of union label week this year has there been a record-setting number of such requests and the department wishes to thank most enthusiastically and sincerely all the national and international unions for their generosity in making such great quantities of their promotional materials available for these purposes.

The department has worked closely with various national and international unions in connection with special campaigns which they were conducting, especially when these campaigns have great bearing upon the well-being of all union members. Among these special projects have been the promotion throughout the labor movement of the motion picture Spartacus which was hailed as a great effort to help overcome the problem of "runaway" movies. Another of these special campaigns was the department's cooperation in connection with organized labor's educational consumer boycott against Sears, Roebuck & Co. These efforts continue and will until such time as the boycott is no longer in effect.

Many other similar campaigns, some of course on a smaller scale but altogether too numerous to list separately, have been conducted in support of our affiliated unions' efforts to correct injustices done their members and to increase the demand for Union Label products and for Shop Card and Service Button

services.

Additional department services have included aid to affiliated unions in designing or redesigning their emblems and assistance in the registration of these emblems with the United States Patent Office.

Union Label and Service Trades Councils

The department continues to progress toward its eventual goal of "a chartered union label and service trades council in every city and state where there is a central body of the AFL-CIO." Special organizational campaigns have been conducted in several states along these lines in recent months. Results in this type campaign, which is designed to establish a permanent union label body on the city or state level, are necessarily slow since it many times requires several follow-up visits to the areas concerned before a council can actually receive its charter. Many of these new union label and service trades councils have come into being during the past two years and otners will be chartered as a result of the campaigns conducted. Special attention, however, during this period has been given to strengthening the already existing councils and in establishing sound programs for newly chartered councils.

Union-Industries Show

1960—Washington, D. C.

The department's 1960 National Capital AFL-CIO Union-Industries Show set many records and enjoyed several "firsts." The exhibition was held May 6-11, 1960, in the National Guard Armory in Washington, D. C., and during its six-day run drew an attendance of 239,500 persons.

Notwithstanding the fact that our nation's capital lacks the heavy industry usually required in a show city to guarantee the success of the event, the department felt that this lack would be outweighed by the tremendous importance of bringing the

message of good relations between AFL-CIO unions and their fair employers to those residing in the area surrounding our nation's seat of government.

The success of this 1960 Union-Industries Show went far beyond even the greatest hopes of those who helped make it such an outstanding accomplishment for the labor movement.

Several vital factors played a great part in this unusual suc-

cess of the show.

Foremost in the listing of these factors is the fact that the Executive Council scheduled its spring meeting in the nation's capital concurrently with the timing of this Union-Industries Show. The prestige which this lent to organized labor's own exhibition was evident to all. This very special cooperation is

deeply appreciated by the department.

With the cooperation of the President of the AFL-CIO and through the use of his good offices, the President of the United States, Dwight D. Eisenhower, officiated at the show's opening. This marked the first time in the exhibition's history that the nation's chief executive had been on hand for opening day, although each past Union-Industries Show had always received official recognition from the White House in the form of messages of congratulations and the sending of other dignitaries to represent the President.

In spite of the non-commercial and non-industrial nature of this show site, the exhibition enjoyed an early sell-out of booth space and occupied every useable square foot of display space

in the Armory.

This exhibition probably enjoyed greater national publicity and news coverage than any previous Union-Industries Show. It was aptly titled "Democracy at Work."

1961—Detroit, Michigan

Beautiful Cobo Hall in Detroit, Mich., housed the 1961 AFL-CIO Union-Industries Show which was held April 7-12. This new exhibition building is probably one of the finest in the world and furnished all modern facilities for the staging of this the world's largest labor-management exhibition, appropriately named "Pa-

rade of Progress."

Labor, management and government dignitaries from all over America—headed up by AFL-CIO President George Meany and U. S. Secretary of Labor Arthur J. Goldberg—participated in opening day ceremonies which were attended by more than 17,000 persons. During the show's six days, 511,600 interested visitors came to the exhibition and took home with them prizes and souvenirs worth more than \$100,000. Exhibits in the show, which for the first time were equally divided between AFL-CIO unions and fair employers were valued at more than \$22 million.

In one day alone, in spite of a near blizzard which slowed traffic on the approaches to Detroit, 119,000 people came to see

the marvels of labor, management and government working

cooperatively together for the good of all citizens.

The department's executive board has scheduled the 1962 Union-Industries Show for May 25-30 in the Memorial Coliseum at Portland, Ore., and extends a warm invitation for all national and international unions affiliated with the AFL-CIO to make an early selection of booth space for this important event and to invite their fair employers to join with organized labor in publicizing good labor-management relations through participation in next year's Show.

Women's Auxiliaries

The department continues to maintain close relations with the AFL-CIO Auxiliaries and their affiliates, assisting the auxiliaries wherever possible and calling upon the very special talents of the women of the trade union movement in bringing about a greater demand for products and services which are the handiwork of union members.

Foremost in additional cooperation with the auxiliaries has been the issuance of the department's new publication "AFL-CIO Women's Auxiliaries News," mentioned in detail in a previous

section of this report.

At the department's 1959 Convention, the constitution was changed to allow chartered union label and service trades councils to accept Auxiliaries as affiliates. In all the department's organizing drives during the past two years this new policy has been stressed strongly and now many of the department's councils list the auxiliaries in their area as active affiliates.

Pamphlets and Literature

Since its last convention, the department has produced 14 new pamphlets. These items, in addition to other pamphlets already in distribution by the department have been furnished to the entire labor movement in great quantity. Altogether, during this period, over 3,500,000 pamphlets have been distributed. In addition, over 250,000 copies of the Department's Official News and 50,000 copies of the AFL-CIO Women's Auxiliaries News and 100,000 posters have been printed and distributed.

Union Label Week

Union Label Week for 1960 took place from September 5-11. This year's observance was celebrated September 4-10. The dates for both celebrations were established by resolutions unanimously adopted at the 1959 conventions of the AFL-CIO and of the department.

Sponsored and produced each year by the Union Label and Service Trades Department, Union Label Week starts with Labor Day and runs through the entire week. The 1960 and 1961 observances each set new records for cooperation from the entire labor movement and recognition for labor's emblems from public officials.

Mayors and governors all over America, during both these years, hailed Union Label Week through official proclamations in

unprecedented numbers.

Local and state labor organizations scheduled picnics, parades, banquets, outings, bazaars and a host of other public events honoring the Union Label, the Shop Card and the Service Button. This year, in fact, there were more Labor Day parades—featured as highlights of Union Label Week—than ever before in the history of this observance.

Store window displays and the thousands of Union Label Week posters distributed by the department served to help carry labor's message to the general public. Maximum use was made of the facilities of radio and television on both national and local levels. Sample spot announcements and radio and television script were furnished by the department to all who could make use of this material.

The department sincerely thanks all segments of the trade union movement who worked together so diligently to make Union Label Week for 1960 and 1961 so effective and salutes those public officials who gave official recognition to the observ-

ances by issuing proclamations.

Board Meetings

Regular meetings of the department's executive board have been held as follows since the 1959 San Francisco Convention:

February 7, 1960, Miami Beach, Florida;

May 7, 1960, Washington, D. C.; August 14, 1960, Chicago, Illinois;

February 19, 1961, Miami Beach, Florida;

April 6, 1961, Detroit, Michigan;

June 25, 1961, Forrest Park, Pennsylvania; and

October 8, 1961, New York, New York.

While the past two years in the history of the Union Label and Service Trades Department have been a period of expansion and one in which greater service has been rendered to the labor movement as a whole and to all who toil-a period of success and attainment and accomplishment—these same two years have brought great loss and sorrow to the department and to other elements of the trade union movement in the passing of two officers of the department's executive board.

On July 17, 1960, our beloved brother and leader, the late John J. Mara, president of the Boot and Show Workers' Union and

president of our department, was taken from our midst.

On September 29, this year, George L. Googe, vice president of the department since June 1956 and secretary-treasurer for

nient's ERH V

the International Printing Pressmen and Assistants' Union of

North America passed to his eternal reward.

Their many years of dedicated service to the members of their own respective unions, their sincerity and forthrightness of purpose, their service to all who make up the huge family of labor unions in our land will be long remembered and will serve as eternal monuments to their abilities and beliefs.

At our department's August 14, 1960, executive board meeting in Chicago, Ill., department vice president Richard F. Walsh, president of the International Alliance of Theatrical Stage Employees and Moving Picture Machine Operators of the United States and Canada and a member of the AFL-CIO Executive Council, was unanimously elected president of the department. At this same executive board meeting, Daniel E. Conway, president of the American Bakery and Confectionery Workers International Union, was unanimously elected to the position of vice president.

While the period covered by this report has been, indeed, a "Parade of Progress" for the Union Label, the Shop Card and the Service Button and a time of great forward movement in organized labor's efforts to use the power of selective buying in parallel with the strength of collective bargaining, the Union Label and Service Trades Department realizes that in the months and years ahead these efforts must be doubled and redoubled in order to further approach the goals which we seek. Our department, therefore, solicits sincerely the cooperation of every part of the trade union movement and the support we must have from all union members if we are to continue to bring about greater benefits for all through an increased demand for labor's important emblems.

Auxiliaries

The AFL-CIO Auxiliaries during the two years since the last convention and the opening of the national headquarters office in the AFL-CIO Building in Washington, has made important progress.

Organized for the purpose of promoting the program of the AFL-CIO and the national or international unions of the affiliated auxiliaries, the outstanding result of the various activities is a tribute to the women who make up the membership in this or-

ganization.

The Auxiliaries display booth has been exhibited at the 1960 and 1961 Union Industries Shows. During both exhibitions the local auxiliary women have manned both the AFL exhibit and the AFL-CIO Auxiliaries exhibit. The Auxiliaries display has been exhibited at six national and international conventions and at four state conventions. It was also displayed at the IUD conventions of 1959 and 1961.

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Currently available are seven pamphlets and the AFL-CIO Auxiliaries monthly Reporter. In 1960, 52,635 pamphlets were distributed, and in 1961 33,619 have been distributed, making a total of 85,254. The first pamphlets were off the press and ready for distribution in early 1960. These were widely used at national and international conventions, state AFL-CIO conventions, and by local unions, and are available at no cost.

The Reporter is sent to all affiliates of the AFL-CIO Auxiliaries, to all national and international union presidents and sec-

retary-treasurers, city central and state body officers.

More than 125 charters and certificates of affiliation have been issued to Auxiliaries from January 1, 1960 through October 1, 1961. Two new city councils of AFL-CIO Auxiliaries were organized in 1960 and five in 1961. Ten national and international auxiliaries are affiliated with the national AFL-CIO Auxiliaries. Twenty-three National and International unions affiliated with the AFL-CIO have cooperated in assisting the AFL-CIO Auxiliaries in furthering our program and in organizing local auxiliaries.

One-day officers training sessions have been held in 10 of the 11 state AFL-CIO Auxiliaries. These sessions, rated most successful, are held primarily for the state auxiliary officers to give them a better knowledge of the structure of the AFL-CIO Auxiliaries, and how to carry out the functions of a state council of

auxiliaries.

The Executive Council is composed of eleven members. Each is assigned the responsibility of organizing, and each vice president is a chairman of one of the national standing committees.

These officers, residing in various parts of the United States, have done a great deal in promoting the eight-point program of the national Auxiliaries by assisting the affiliates in planning their programs and helping them to carry them out. The eight points of the national program that the auxiliaries have been following since the merger convention are union label, education, legislation, COPE, safety, civil rights, civil defense, and community services.

Thousands of letters have been written by our members to their local governing bodies and state and national senators and representatives on issues of vital concern to the trade union

movement.

The union label program is and always has been of vital interest to all auxiliaries. There are label poster contests, label booths at county and state fairs and drives in cities to determine what merchants display and carry union label merchandise, shop card and service buttons.

Educational programs are prepared in conjunction with local unions. Many auxiliaries award annual scholarships to worthy

students.

The Auxiliaries actively support and cooperate in the registration and COPE program and more than 600 auxiliary women

have received pins and scrolls from national COPE for 100 or

more hours of volunteer work.

The safety program has been greatly intensified and many auxiliaries are actively participating in city-wide safety programs. Civil Rights has been of vital interest to our auxiliaries and many women join Urban Leagues to promote the civil rights program. The civil defense program is constantly increasing momentum in all of our auxiliaries.

Community services is one of the most active committees in the entire auxiliaries program. Childrens homes, orphanages and golden age clubs are being helped both materially and financially in many cities throughout the country by our auxiliaries. Auxiliary members are also participating in blood bank drives, working with local cancer associations, assisting in hospitals, manning strike kitchens and even walking picket lines whenever called upon to do so.

With the help of the national and international unions, the AFL-CIO, we will be able to increase the number of members

and advance the effectiveness of our entire program.

ton, May 5; Mianu 29; and N

Conclusion

This report to the Fourth Constitutional Convention of the American Federation of Labor and Congress of Industrial Organizations covers two years of trial and triumph, frustration and accomplishment, disappointment and hope. Yet in the face of vast and varied pressures, the AFL-CIO has maintained unwavering strength of spirit and unity of purpose. That in itself outweighs all other achievements set forth in these pages; and the credit for it is shared by the leaders of our movement at every level, local, state and national.

Preservation of our movement's strength and unity takes such precedence because the future rests upon it. The record proves that a strong, united labor movement is indispensable to the wellbeing of workers and the nation, both now and in the generations

to come.

Thus we of the Executive Council, while keenly aware of the perils and problems ahead, look with confidence to the ultimate triumph of our cause—a better life for Americans and for all mankind.

This report records the accomplishments of the AFL-CIO since the last convention and summarizes the major actions of the eight Executive Council Meetings during that period: In San Francisco, September 16, 1959; Miami, February 8-16; Washington, May 3-6; Chicago, August 15-17, 1960; Washington, January 5; Miami, February 20-28; Unity House, Pennsylvania, June 26-29; and New York, October 10-12, 1961.

The Executive Council is proud to submit this report to the delegates to the Fourth Constitutional Convention of the American Federation of Labor and Congress of Industrial Organizations as a guide to their deliberations in determining the policies to be followed by the AFL-CIO for the two years ahead.

GEORGE MEANY President

WM. F. SCHNITZLER Secretary-Treasurer

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